REfocus

ANNUAL REPORT 2022

RafflesEducation

Success by *Design*

RafflesEducation

Contents

Letter To Shareholders

Dear Shareholders,

On behalf of the Board of Directors (the “Board”), I am pleased to present the Annual Report and Audited Accounts of Raffles Education Corporation Limited (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 30 June 2022.

FY 2022 continues to be a difficult year; even though the borders of many countries have just opened and we are beginning to see higher enrolment numbers, the borders of our biggest market, the People’s Republic of China (PRC), remain closed. With the continued closure of the PRC borders, enrolment numbers of our colleges which are dependent on the PRC for their students, are suffering.

In spite of the headwinds, we seek to grow our revenue, to streamline and to restructure our operations so as to adapt to the new normal brought about by the COVID-19 pandemic. The Group will need to remain nimble in the face of ever-changing global economic environment in the coming years. Over the coming years, the Group’s focus is to strengthen our financials and to return to paying dividend(s) to our shareholders.

To further strengthen the financial position of the Group, the Company had, on 7 June 2022, announced the issuance of a renounceable underwritten rights issue of convertible bonds and a placement of convertible bonds which will raise estimated net proceeds of SGD37.8 million. The issuance of these convertible bonds is in progress.

The Group intends to reduce its debt to a low level through disposal of certain of its assets, so as to reduce bank borrowings and the interest on borrowings. This capital optimisation initiative is an on-going process.

I would like to thank our Board for their guidance and wise counsel in the last financial year. I would like to take this opportunity to welcome BG (Retd) Chua Chwee Koh who joined the Board with effect from 4 March 2022 as an independent and non-executive director.

I would also like to thank all staff for their continued unwavering dedication and invaluable contributions to the Group throughout these difficult times.

Most importantly, I would like to extend our appreciation to our shareholders for their strong support and to our students and their parents for entrusting us with their education.

Stay safe and healthy.

Mr. CHEW Hua Seng
Chairman and CEO

Our Vision

Our vision is to be the premier education Group.

Our Mission

We are committed to provide quality education and related services through our network of institutions.

Our Values & Culture

We provide a learning environment that leads to successful careers through educational experiences that promote:

- **S**ocial responsibility
- **P**rofessional excellence for employability
- **A**nalytical thinking for problem solving
- **C**reativity to encourage innovation
- **E**ntrepreneurship

Corporate Profile

RafflesEducation is a premier education Group.

Since establishing its first college in Singapore in 1990, RafflesEducation has grown to provide a full spectrum of education services through a vast network of 18 colleges and universities across 10 countries in Asia Pacific and Europe: Cambodia, India, Indonesia, Italy, Malaysia, Mongolia, Saudi Arabia, Singapore, Thailand, and the People's Republic of China.

More than 24,635 students enrolled in RafflesEducation's programmes benefit from a quality education that provides graduates with a well-rounded hands-on experience that is relevant to the industry.

The Group, through its Hong Kong Stock Exchange listed subsidiary, Oriental University City Holdings (H.K.) Ltd., leases education facilities to 16 education institutions, offering a wide variety of vocational and technical courses, catering to a student population of 11,000.

Company Highlights & Awards

FOUNDED
IN SINGAPORE
IN 1990

STUDENT
ENROLMENT
24,635

ESTABLISHED
BRAND NAME
AND LEADER IN
DESIGN EDUCATION

BROAD
PRESENCE
18 COLLEGES &
UNIVERSITIES

LISTED
ON SGX
24 JANUARY 2002


QUALITY CROWN
Raffles Education
Corporation Limited
Excellence in Quality
ration Limited
IAIR Awards
INTERNATIONAL STAR
FOR QUALITY
Raffles Education
Corporation Limited
R's Quality Choice Prize
Raffles Education Corporation Limited
Berlin 2016

THE PEOPLE'S REPUBLIC OF CHINA

- Guangzhou
- Hefei
- Langfang
- Shanghai
- Suzhou
- Tianjin

ASIA

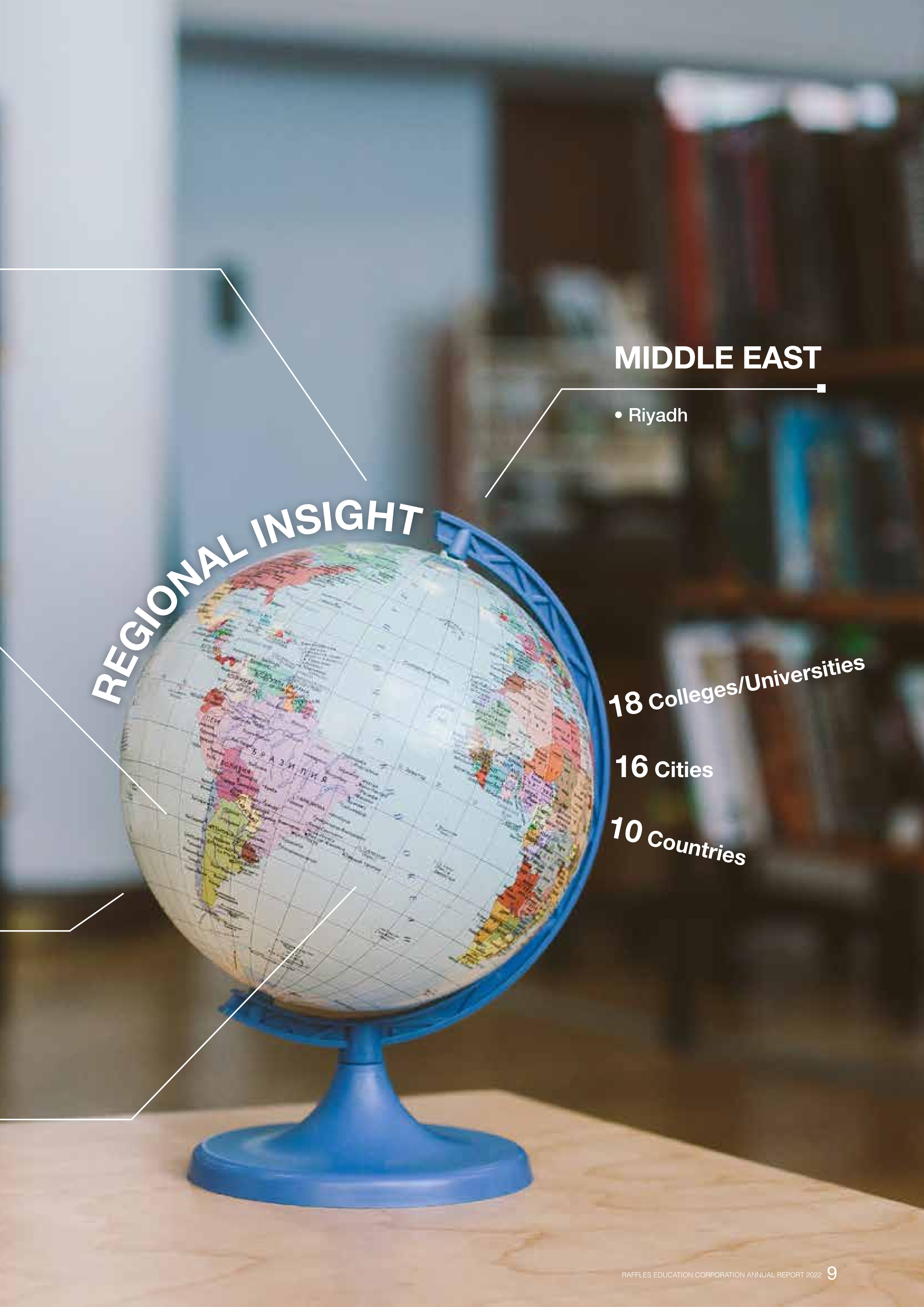
- Bangkok
- Iskandar
- Jakarta
- Kuala Lumpur
- Phnom Penh
- Singapore
- Ulaanbaatar

EUROPE

- Milan

INDIA

- Mumbai



REGIONAL INSIGHT

MIDDLE EAST

- Riyadh

18 Colleges/Universities

16 Cities

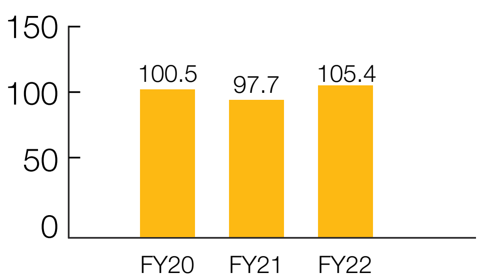
10 Countries

Financial Highlights

For the year ended 30 June (S$'000)	2020	2021	2022
Operating Results			
Revenue	100,477	97,729	105,371
Profit/(loss)			
Adjusted EBITDA~	29,576	74,666	67,945
Operating	9,643	27,839	26,133
Before Tax	(7,370)	29,879	22,387
After Tax	(14,337)	16,664	7,771
Attributable to shareholders	(16,426)	16,386	9,612
Operating Cashflow	9,697	14,202	16,772
Earnings per Share (cents) - Basic	(1.19)	1.19	0.70
- Diluted	(1.19)	1.19	0.70
Shares used in calculating EPS (millions) - Basic	1,379	1,379	1,379
- Diluted	1,379	1,379	1,379
Financial Position			
Issued Share Capital**	514,654	514,654	514,654
Shareholders Funds	617,811	671,380	675,168
Non-current Assets	1,036,406	1,165,138	1,164,119
Current Assets	137,383	217,192	116,742
Current Liabilities	234,326	413,625	275,324
Non-current Liabilities	257,881	185,188	220,314
Net Asset Value per Share (cents)	44.81	48.70	48.97
Return On Shareholders Funds			
Return on Equity (%)	(2.7%)	2.4%	1.4%
Net Profit/(Loss) Margin (%)	(16.3%)	16.8%	9.1%

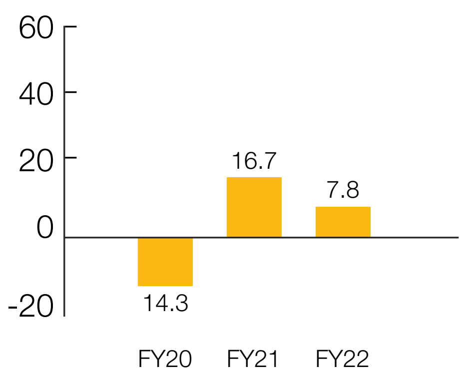
Revenue

S$ millions



Net Profit/(Loss) After Tax

S$ millions



Notes:

~ Net fair value gain on investment properties and gain/(loss) on disposal of investment properties were included in the adjusted EBITDA as the real estate investment and development segment is part of our core business.

** Net of treasury shares

For the year ended 30 June (S$'000)	2021	2022	Change
Operating Results			
Revenue	97,729	105,371	7.8%
Profit			
Adjusted EBITDA*	74,666	67,945	(9.0%)
Operating	27,839	26,133	(6.1%)
Before Tax	29,879	22,387	(25.1%)
After Tax	16,664	7,771	(53.4%)
Attributable to shareholders	16,386	9,612	(41.3%)
Operating Cashflow	14,202	16,772	18.1%
Earnings per Share (cents) - Basic	1.19	0.70	NM
- Diluted	1.19	0.70	NM
Shares used in calculating EPS (millions) - Basic	1,379	1,379	-
- Diluted	1,379	1,379	-
Financial Position			
Issued Share Capital**	514,654	514,654	0.0%
Shareholders Funds	671,380	675,168	0.6%
Non-current Assets	1,165,138	1,164,119	(0.1%)
Current Assets	217,192	116,742	(46.2%)
Current Liabilities	413,625	275,324	(33.4%)
Non-current Liabilities	185,188	220,314	19.0%
Net Asset Value per Share (cents)	48.70	48.97	0.6%

As at 30 June	2021	2022
Revenue Contribution by Regions		
Asean	32.79%	31.48%
North Asia	63.11%	64.60%
Australasia	0.00%	0.00%
South Asia	0.52%	0.34%
Europe	3.58%	3.58%
Total	100%	100%

Revenue Contribution by Segments

(S$'000)	2021	2022
Education	83,703	93,411
Education Facilities Rental Service	12,233	10,132
Corporate & Others	-	3
Real Estate Investment & Development	1,793	1,825
Total	97,729	105,371

Earnings Contribution by Segments

(S$'000)	2021	2022
Education	24,682	32,243
Education Facilities Rental Service	12,725	(872)
Corporate & Others	(14,736)	(9,851)
Real Estate Investment & Development	(6,007)	(13,749)
Total	16,664	7,771

Notes:
* Net fair value gain on investment properties and loss on disposal of investment properties were included in the adjusted EBITDA as the real estate investment and development segment is part of our core business.
** Net of treasury shares
NM Not meaningful


Istituto

FY2022 Financial Review

(1) Group revenue increased from $97.7 million for FY2021 to $105.4 million for FY2022 mainly due to the following:

a) Revenue from colleges in ASEAN operations increased by $1.1 million from $33.1 million for FY2021 to $34.2 million for FY2022 due to higher student enrolments.

(b) Revenue from colleges in People's Republic of China (PRC) increased by $8.6 million from $48.1 million for FY2021 to $56.7 million for FY2022 due to significantly higher student enrolments. The student number in PRC grew by 30% from comparative year.

(c) Revenue from the leasing of education facilities of Oriental University City Holdings (H.K.) Limited ("OUCHK") decreased by $2.2 million from $13.0 for FY2021 to $10.8 million for FY2022.

(2) Other operating income for FY2022 of $48.7 million was mainly due to gain on disposal of non-current assets held for sale of $36.9 million.

(3) Other operating expense increased from $47.5 million for FY2021 to $64.4 million for FY2022 was mainly due to the following:

(a) Lower other operating expenses in prior comparative period as certain schools, colleges and universities of the Group postponed new semester/conducted online teaching due to the Covid-19 pandemic;

(b) Higher marketing expenses and registration & examination fees incurred in FY2022 in tandem with the increase in student numbers for some of the Group's education institutions;

(c) Higher provision of estimated expenses payable upon receipt of sale proceeds of Langfang Oriental Institute of Technology in FY2022;

(d) Higher loss on disposal on investment properties in FY2022;

(e) Higher professional fees incurred in FY2022; and

(f) Increase in scholarship expense by Wanbo Institute of Science & Technology and Tianjin University of Commerce Boustead College.

(4) Depreciation and amortisation expense increased from $18.2 million for FY2021 to $20.0 million for FY2022 mainly due to additions of property, plant, and equipment of Wanbo new campus during the year and acquisition of fixed assets arising from the acquisition of Langfang Hezhong Real Estate Development Co., Ltd.

(5) Finance costs increased from $17.9 million for FY2021 to $19.7 million in FY2022 mainly due to higher interest expenses incurred by OUCHK for additional borrowings and default interest recognised by Raffles K12 Sdn Bhd and Raffles Iskandar Sdn Bhd.

(6) Fair value gain on investment properties in FY2022 amounting to $11.6 million was mainly attributable to the revaluation of investment properties of OUCHK and Raffles College of Design and Business (Private) Limited, Sri Lanka.

(7) FY2022 Group net profit was $7.8 million and net asset value per share was 48.97 cents.

(8) Net cash from operating activities amounted to $16.8 million. There is a net change of $1.2 million from the net cash from operating activities of $15.6 million stated in the unaudited results announcement due to reclassification of foreign exchange differences of $2.4 million from effect of exchange rate changes on cash and cash equivalents to operating cashflow to better reflect the nature of these foreign exchange differences and reclassification of one item from financing activities to operating activities consisting of $1.4 million. The reclassifications have no impact on the cash and cash equivalents at the end of FY2022 in the consolidated statement of cash flows of the Group.

(9) Major contributors of cash inflows were:

(a) Subsequent payment received from disposal of subsidiary of $42.2 million;
(b) Proceeds from disposal of non-current assets held for sale of $46.1 million;
(c) Redemption of pledged deposit with a bank of $28.9 million; and
(d) Drawdown of bank borrowings of $11.2 million.

(10) Major contributors of cash outflows were:

(a) Payments for property, plant, and equipment of $32.5 million;
(b) Repayment to a director of $7.9 million; and
(c) Repayment of borrowings of $99.6 million.

(11) The Group's cash position was $37.4 million at the end of FY2022 (FY2021: $29.5 million).

Mr. CHEW Hua Seng
Chairman and CEO

Mr. Chew is the founder, controlling shareholder, Chairman and CEO of Raffles Education Corporation Limited (the "Company" or "REC"). Under his astute leadership, the Company has grown to become a premier private education provider, with 17 institutions of learning, including two universities, spread across 10 different countries. Mr. Chew founded the Company in 1990, and led it to be listed on the Stock Exchange of Singapore in 2002.

Mr. Chew is Executive Chairman of Oriental University City Holdings (H.K.) Limited ("OUCHK"), a subsidiary of REC, listed on the Growth Enterprise market of the Stock Exchange of Hong Kong. Mr. Chew's role in OUCHK is primarily to oversee overall strategic planning and management of OUCHK group of companies.

Mr. Chew was appointed as a Non-Executive Chairman of Sitra Holdings (International) Limited, a company listed on the Stock Exchange of Singapore, with effect from 21 October 2019.

Mr. Chew holds a Bachelor's Degree in Business Administration from the University of Singapore (now known as the National University of Singapore) obtained in May 1979 and was awarded the National University of Singapore Business School Eminent Business Alumni Award in November 2010 for his outstanding achievements. Mr. Chew was also conferred the Public Service Medal in 2010 by the President of Singapore for his contribution to community service.

Mr. Chew has established the Chew Hua Seng Foundation (the "Foundation") to further charitable causes, predominantly in education. Commissioned with the motto "Compassion through the Generations", the Foundation's mission is aligned with the Company's overarching principle to provide the invaluable gift of education to all, with focus on supporting needy or poor students.

Mrs. NG Siew Mun
Lead Independent Non-Executive Director

Ms. Lim Siew Mun (Mrs. Ng Siew Mun) joined the Board of Raffles Education Corporation Limited on 1 July 2021 and designated to Lead Independent Non-Executive Directors on 28 February 2022. Mrs. Ng is currently a member of charitable and religious organizations, a consultant and a mental health professional.

Mrs. Ng held various senior positions in finance. She was CEO of Credit Suisse First Boston Southeast Asia, Director of Credit Suisse First Boston Asia and Head of Capital Markets of BNP Paribas. Mrs. Ng was also CEO and Vice Chair of the Board of Olivant Asia, Director of Stonehage Asia, and Founder of Strategic Access Pte Ltd.

Mrs. Ng holds a Bachelor of Business Administration from National University of Singapore, a Masters in Arts from Singapore Bible College and an Advanced Certificate in Trust Services from the Wealth Management Institute.

Mr. LIM How Teck
Independent Non-Executive Director

Mr. Lim How Teck is currently Chairman of Redwood International Pte. Ltd. (an investment & consultancy company). Mr. Lim is also the Chairman of Heliconia Capital Management Pte. Ltd., Aetius SEA Acquisition Corp Inc., and FEU International Pte Ltd. He is also on the Board of Directors of a number of listed and private companies.

Mr. Lim has in-depth knowledge of the shipping industry, having been with the NOL Group from 1979 to 2005, where he held various positions from Executive Director, Group CFO, Group COO, and Group Deputy CEO.

Mr. Lim has extensive international qualifications and experience in business finance and accounting. Prior to joining NOL, he worked in Coopers & Lybrand (an international accounting firm) and Plessey Singapore (a multi-national trading and manufacturing company).

Mr. Lim holds a Bachelor of Accountancy Degree from the University of Singapore. He is a Fellow of the Chartered Institute of Management Accountants of UK (FCMA), a Fellow of the Certified Public Accountants of Australia (FCPA Aust), a Fellow of the Institute of Certified Public Accountants of Singapore (FCPA ICPAS), and a Fellow of the Singapore Institute of Directors (FSID). He is a graduate of Harvard Graduate School of Business in Corporate Financial Management Course and Advanced Management Programme in 1983 and 1989 respectively.

Mr. Lim was awarded the Public Service Medal (PBM) National Day Award in 1999 and the Public Service Star (BBM) National Day Award in 2014.

Mr. NG Kwan Meng
Independent Non-Executive Director

Mr. Ng Kwan Meng joined the Board of Raffles Education in February 2021. Mr. Ng's other directorships at present include Tasek Jurong Limited, and British and Malayan Holdings Limited. Mr. Ng is the Chairman of Taman Jurong Citizens' Consultative Committee.

Mr. Ng was previously the Managing Director and Head, Group Global Markets at United Overseas Bank Limited. He was also an Executive Director and CEO of UOB Bullion and Futures Ltd, Chairman of Aestiwood Pte Ltd, and Director of Tuas Power Generation Pte Ltd as well as UOBF Schneider Trading Pte Ltd. He was a member of the Singapore Foreign Exchange Market Committee, the working group on Financial Industry Competency Standards and National Integration Working Group for the Community.

Mr. Ng holds a Bachelor of Social Science (Honours) degree from the National University of Singapore.

Mr. Ng was awarded the Public Service Medal (PBM) National Day Award in 2020.

BG. CHUA Chwee Koh
Independent Non-Executive Director

BG(Retd) Chua Chwee Koh joined the Board of Raffles Education in March 2022 as an Independent Non-Executive Director. BG(Retd) Chua brings with him a wealth of experience, having spent 17 years with Certis CISCO, leading and transforming the business, where he was the Chief Operating Officer for 13 years. He played a key role in integrating operations and technology in the security business and was leading the digital transformation in the last three years. He is currently a Senior Advisor in Certis. Prior to joining Certis in 2004, Mr. Chua served 22 years in the Singapore Armed Forces and retired with the rank of Brigadier General. In addition, he is also a Director of Addvalue Technology Ltd (listed on the Singapore Stock Exchange), a member of Audit Committee of Dementia Singapore (a charity), and a council member at the RHT G.R.A.C.E. Institute (a social enterprise that promotes ethical leadership).

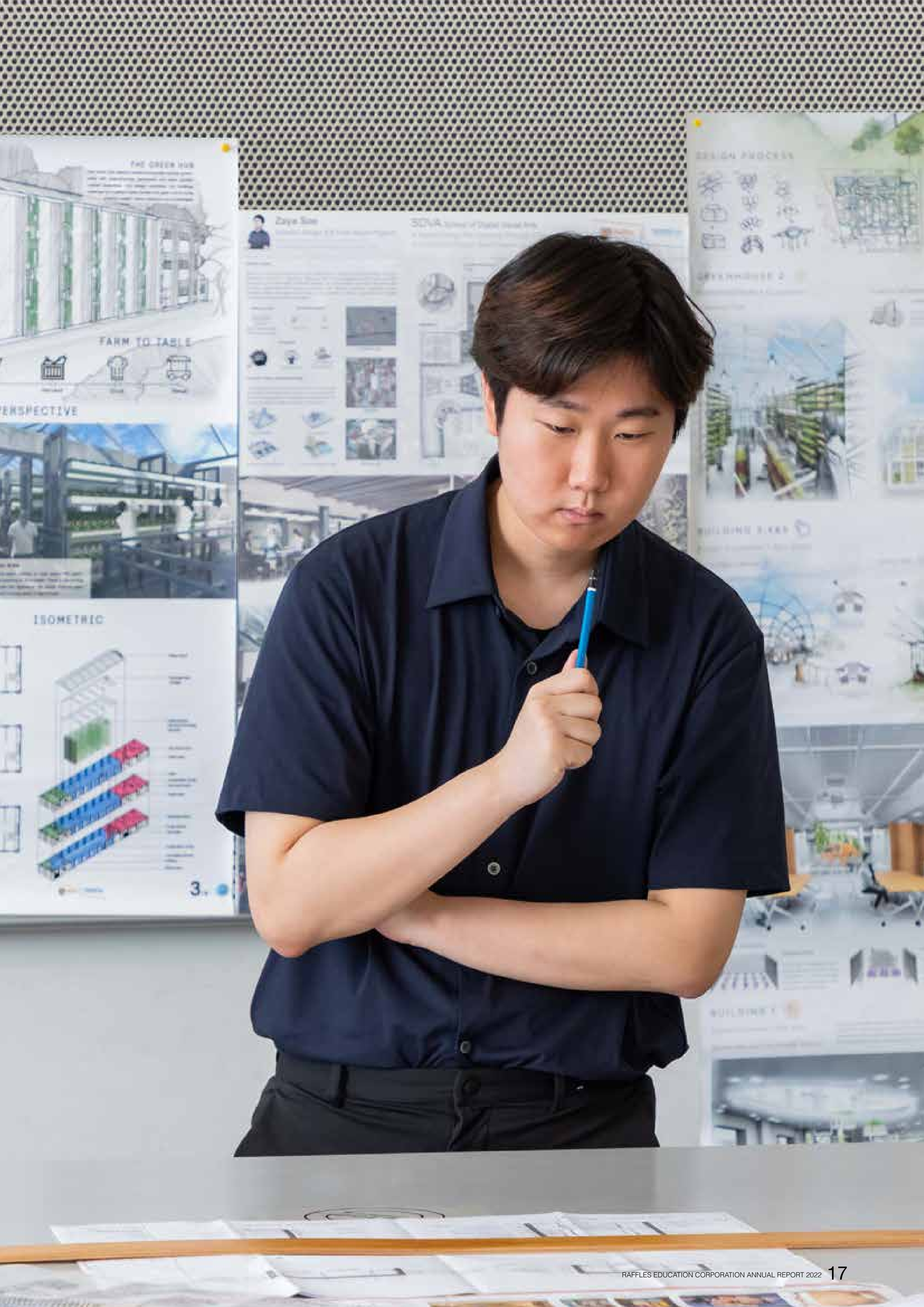
BG(Retd) Chua graduated with a Bachelor of Science in Mechanical Engineering & Economics with First Class Honours from University of Birmingham in 1985. He holds a Master of Public Administration from Harvard University and has also completed the Advanced Management Programme at Harvard Business School.

Mr. Joseph HE Jun
Non-Independent Non-Executive Director

Mr. Joseph He Jun is the Head of the China Practice and a Partner in the Mergers & Acquisitions, Practice at WongPartnership LLP. His main practice areas are corporate finance, equity capital markets, foreign investment, mergers and acquisitions and property development in the People's Republic of China.

Mr. He presents and participates in panel discussions at regional and local conferences on PRC-related topics. He is a member of Business China. He is also a member of The Law Society of Singapore's Inquiry Panel and sits on the Advisory Committee for the China-Ready Programme for Singapore's Legal Industry organised by the Ministry of Law Singapore.

Mr. He graduated with a Bachelor of Arts from Yunnan University (PRC) and obtained Master of Laws from both China University of Political Science and Law in Beijing and McGeorge School of Law, University of the Pacific (U.S.). He was also a Visiting Scholar at the School of Law, Columbia University (U.S.) from 1990 to 1991. He is admitted to the Bar of the People's Republic of China.


FARM TO TABLE
PERSPECTIVE
ISOMETRIC
DESIGN PROCESS

Business Overview

RafflesEducation is a premier education Group that is committed to providing quality education and education-related services through its network of institutions across Asia-Pacific and Europe.

Our strategic goal is to nurture and groom skilled professionals through the transfer of industry-relevant knowledge and technical know-how to succeed in the globalised economy. The Group strives to provide a well-balanced education that encourages creative and critical thinking, thus allowing students to realise their potential and aspirations, while enjoying the learning process at our colleges.

Since its founding in 1990, RafflesEducation has grown its portfolio from one college in Singapore to 18 colleges/universities in 16 cities across 10 countries.

Our colleges offer a comprehensive range of internationally recognised programmes leading to Diploma, Advanced Diploma, Degree and Masters qualifications. The diagram below illustrates the structure of RafflesEducation:

“ RafflesEducation is Committed to
Provide Quality Education *and* ***Education-Related Services***
Through its Network of Institutions. ”

Strategy

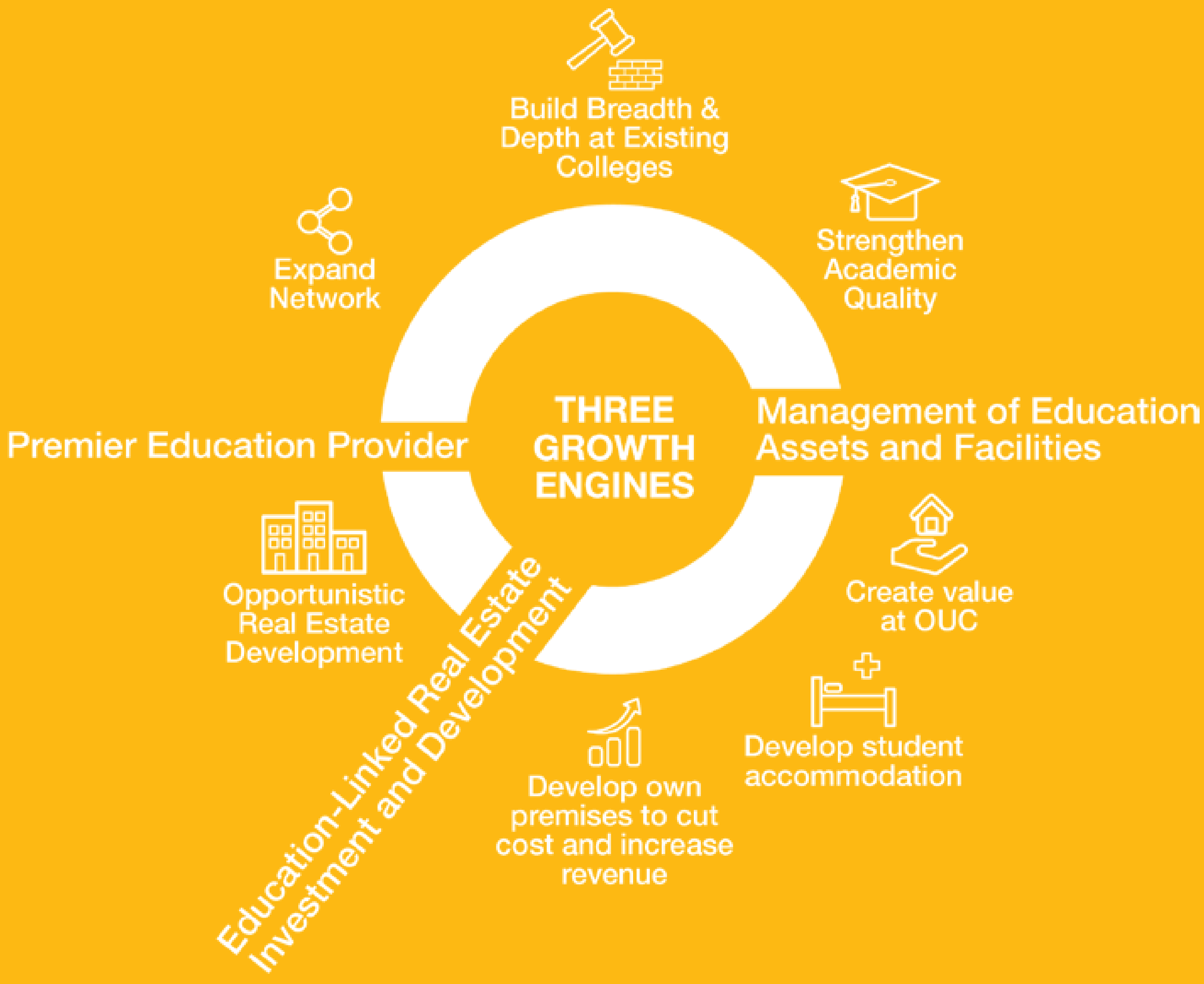
Our journey to success was a corporate journey crafted with great foresight and a well-designed roadmap.

The foundation of an excellent educational institution comprises a superior curriculum, an outstanding faculty, and an intellectual environment. For years, these have remained as the Group’s core competencies.

RafflesEducation seeks sustainable growth that creates value for its stakeholders. The trusted Raffles brand name and its network of institutions support the Group’s continued organic growth. The Group also owns valuable education assets across Asia-Pacific and Europe that can be realised for reinvestment into its education business.

Capitalising on its strong fundamentals, the Group will continue to build breadth and depth at its existing colleges, expand its network of institutions, grow its university group, create value at its university city, and strengthen its academic quality.

“ Our Strategies are Meant to Ensure ***Sustainability***
In Our Education Business. ”


THREE GROWTH ENGINES
Premier Education Provider
Management of Education Assets and Facilities
Education-Linked Real Estate Investment and Development
Build Breadth & Depth at Existing Colleges
Strengthen Academic Quality
Expand Network
Opportunistic Real Estate Development
Create value at OUC
Develop student accommodation
Develop own premises to cut cost and increase revenue

Build Breadth and Depth at Existing Colleges

RafflesEducation enjoys a reputation as a provider of quality education that focuses on practical training and academic excellence. Therefore, the Group is relentless in implementing initiatives and efforts to fortify its education business.

Resources are invested to continually enhance and expand programme offerings to cater to a diverse community of students, as well as to attract and retain exceptional faculty. The Group also strives to deepen its ties with industry partners to better prepare students for the dynamic workplace and therefore increase their employability. Together, these efforts enable the Group to build breadth and depth at its existing colleges for greater growth.

Expand Network of Institutions

One of the unique advantages of RafflesEducation is the opportunity for students to complete their studies in any institutions within the Raffles network. Given the Group's extensive global presence, students can receive international exposure to enrich their personal outlook and learning experience.

The expansion of Raffles Higher Education Group is significant, as it will eventually translate into a larger market share for RafflesEducation.

Create Value at Oriental University City

Oriental University City Holdings (H.K.) Ltd, the “Oriental University City” (OUC), owns and leases educational facilities, comprising primarily of teaching buildings, dormitories, and support facilities like libraries, cafeterias, and sports halls, to education institutions in the PRC, Kuala Lumpur in Malaysia, and Jakarta in Indonesia. This is a unique plug-and-operate model catering to education and training institutions specializing in skills and technology to set up shops to operate seamlessly without having the need to invest in heavy capital expenditure for setup.

Strengthen Academic Quality

RafflesEducation places a strong emphasis on curriculum development that is relevant to industry trends and needs. The ultimate goal of education at Raffles is to groom skilled professionals through the transfer of industry-relevant knowledge and technical know-how to succeed in the globalised economy.

Through RafflesEducation, the Group grows its intellectual property portfolio and strengthens its accreditations and academic credibility.

IRON A’DESIGN AWARD 2021-2022

Jasmine AU Jie Min
Raffles Fashion Designer

Winner in Fashion Apparel and Garment
Malaysian
Raffles University

TOP 10 WASTE IS AMAZING
PAPER COUTURE COMPETITION

Love the Ocean

Changing Perspective

Left to Right
Jasmine AU Jie Min and
LEONG Siow Ling
Raffles Fashion Designers

Top 10
Malaysians
Raffles University

RAFFLES FASHION DESIGNER CHONG YU LIN IS FINALIST
FOR BILBAO INTERNATIONAL ART & FASHION CONTEST

CHONG Yu Lin
Raffles Fashion Designer

Finalist
Singaporean
Raffles Singapore

THE GRAND PRIX OF AKOYA PEARL
JEWELLERY 2021 SINGAPORE EDITION

Teresa Pavita MAHARANI
Raffles Jewellery Designer

5th Place
Indonesian
Raffles Singapore

SINGAPORE INTERIOR DESIGN AWARDS (SIDA) 2021

Prachi AGARWAL
Raffles Interior Designer

Best in Workspace Design
Silver Award

Indian
Raffles Singapore

Hieu Nguyen TRAN
Raffles Interior Designer

Best in Public Space Design
Bronze Award

Vietnamese
Raffles Singapore

Lavinia SIMA
Raffles Interior Designer

Best in Public Space Design
Bronze Award

Romanian
Raffles Singapore

Cherise DENESHA
Raffles Interior Designer

Best in Residential Design
Bronze Award

Indonesian
Raffles Singapore

Vanina JANICAUD
Raffles Interior Designer

Best in Workspace Design
Honorary Mention

French
Raffles Singapore

THE AMERICAN STANDARD DESIGN AWARD 2022

Rossalinda
Raffles Interior Designer

Residential Bathroom Space Design
First Prize

Indonesian
Raffles Singapore

CHOI Jong Hyeok
Raffles Interior Designer

Hospitality Bathroom Space Design
First Prize

Korean
Raffles Singapore

Cherise DENESHA
Raffles Interior Designer

Hospitality Bathroom Space Design
Second Prize

Indonesian
Raffles Singapore

Ekers Siobhan ZHEN
Raffles Interior Designer

Hospitality Bathroom Space Design
Third Prize

American
Raffles Singapore

2022 INDIGO DESIGN AWARD

Emelynda WIRAWAN and **JEONG Sooyoun**
Raffles Graphic Designers

Packaging Design, Promotional Materials, Sports and Branding
Gold, Silver and Bronze Awards

Indonesian and Korean
Raffles Singapore

Gyuri YOON (Stella)
Raffles Graphic Designer

Branding, Packaging Design and Promotional Materials
Silver and Bronze Awards

Korean
Raffles Singapore

Muhammad Firas bin AZHAR
Raffles Graphic Designer

Packaging Design and Branding
Gold and Silver Awards

Singaporean
Raffles Singapore

KIM Somin
Raffles Graphic Designer

Promotional Materials, Branding & Social Change, Integrated Graphic Design and Branding
Gold and Silver Awards

Korean
Raffles Singapore

TAY Yee Ren
Raffles Graphic Designer

Computer Animation for Social Change
Computer Animation, Character Design and Digital Art
Gold and Silver Awards

Singaporean
Raffles Singapore

Left to Right



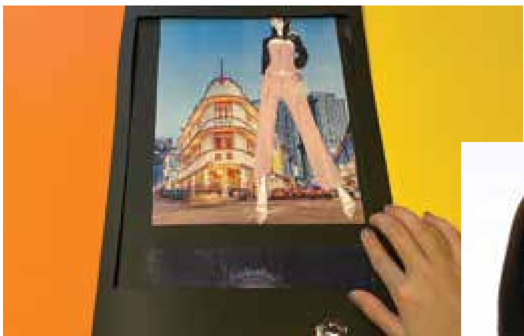
LOH Rui Ying, Dr. FONG Sook Fun and **Prof. Dr. CHOI Sang Long**
Raffles Entrepreneurs

Bronze Award
Malaysians
Raffles University

Priya Darsheny A/P SATISHKUMAR
Raffles Entrepreneur

Top 10 Best Projects
Malaysian
Raffles University

VOGUE TALENT PRIZE 2021



HUNG Wan-Ting
Raffles Marketer

Top 5 Finalist
Taiwanese
Raffles Singapore

The most useful thing that I gained is independent thinking. I am really thankful to all the lecturers who taught me in the past 4 years. They provided a great education with flexible tutorials that encouraged independent thinking. Letting students take the initiative to explore and brainstorm brings about a more comprehensive capability to contribute at work as students gain greater flexibility and creativity in problem solving and idea generation. Thus, students stand out and gain more opportunities in the industries. My advice to future students is it would be good to put yourself on the journey of exploration, accept challenges, and work on things that you never did; you might surprise yourself.

AU Jie Min
Malaysian

Raffles University
Fashion Design
Class of 2022

My journey studying at Raffles Singapore has been rewarding and memorable. I was able to challenge myself in different aspects of fashion design, which enabled me to hone my strengths and improve myself along the way. The different modules prepared me for what I would face in the industry and taught me to be capable in production and technical skills. The experiences I have gained will be a valuable asset to me throughout my career.

Christina
Indonesian

Raffles Singapore
Fashion Design
Class of 2022

Raffles Singapore gave me the opportunity to develop and strengthen my design ambition. I was once told that Raffles Singapore campus was smaller than other design schools. However, it is the quality not the quantity that I appreciate at Raffles Singapore. The quality of lessons, of the facilities and the working environment, helped me develop my design vision and skills. After the last year at Raffles, I especially feel more confident in my technical skills. Moreover, experiences at Raffles have taught me how to balance creativity and technology.

NGUYEN Tran Cat Tuong
Vietnamese

Raffles Singapore
Product Design
Class of 2021

Daphne Nadine Quebengco EVANGELISTA
Singaporean PR

Raffles Singapore
Interior Design
Class of 2022

My experience at Raffles Singapore has taught me useful professional skills as well as strengthened my confidence as a designer. The Bachelor of Arts (Honours) in Interior Design course has pushed me to consistently improve my work while developing my independent learning capabilities. My lecturers are passionate, attentive, and genuinely invested in supporting students. I believe that my learning experience at Raffles will be of great benefit to me in my future career.

ZHU Shengyiyu
Singaporean

Raffles Singapore
Interior Design
Class of 2021

My one-year experience in Raffles Singapore was thrilling. I had the opportunity to meet and interact with many foreign students. I learned about our differences and enjoyed their friendliness.

The course curriculum ensured that we developed our portfolios and websites, which would be useful when we look for work after graduation. Moreover, we were taught how to find work.

The lecturers were very encouraging, and their design input inspired me to strive harder in areas where I was lacking. I am very thankful for their support and guidance during this one year in Raffles.

NGUYEN Thi Ha
Vietnamese

Raffles Singapore
Graphic Design
Class of 2022

Throughout my educational journey at Raffles, I have been learning and improving my design thinking abilities and skills with the help of my lecturers and classmates. Raffles also provided me with numerous opportunities to participate in various competitions and projects, which helped build my portfolio and boost my confidence. I am grateful, and I would like to thank all my lecturers, classmates, and Raffles staff. I will continue learning and will do my best to achieve all my goals in my future endeavours.

Jedsel YONG Jae Den
Malaysian

Raffles University
Multimedia Design
Class of 2021

My experience at Raffles University (RU) was great. I love how RU is still growing and we received a lot of attention in our classes, which made the learning experience more effective. As a university student, I believe that experience is important, so I joined a lot of extra-curricular activities. Through RU's partnership with EduCity, I had the opportunity to be selected as part of the EduCity Student Senate (ESS) committee, representing RU. I had many opportunities at joint skills events and gained lots of exposure to the real world. In other words, I was able to build an image for myself.

Rasekhi Casan Zia JORDI
Spanish

Raffles Singapore
Illustration & Animation
Class of 2022

I have spent two and a half years studying at Raffles Singapore. During my time at Raffles, I have learnt skills in film making, story structuring and script writing. I also learnt skills like video editing and motion graphics using programmes such as Adobe After Effects and Premiere Pro. I learnt how to make kinetic typography and had the opportunity to improve my skills in 2D and 3D animation which I had acquired prior to my application to this curriculum. Lastly, I learnt some skills in design promotion.

ZHOU Jinye
Chinese

Raffles Singapore
Digital Media
Class of 2022

I have learned a lot and had a great time at Raffles Singapore. The lecturers that I met here were very patient and gave me a lot of useful advice for my studies. I would recommend the school to my friends based on the fun times that I had here and the knowledge I acquired.

I guess the best thing I have learned throughout my study experience was having to present during class, which really helped me to express myself, giving me the confidence to be able to present ideas to the public as well as respond to questions or thoughts about my ideas. My advice to new students is not to be afraid to speak up, as it is during then that people are able to learn and listen to your thoughts and advise you on better solutions that may inspire you.

CHAN Jia Minh
Malaysian

Raffles University
Accountancy
Class of 2021

Having been appointed Vice President of the Student Representative Council at Raffles University, my experience has been great and fulfilling – time well spent at university. The student body helped me develop my abilities in leadership and teamwork by providing the chance to work with teammates. I had the opportunity to deliver feedback between students and the university in order to ensure a comprehensive university lifestyle for all students. Other than that, I also faced the challenge of planning and communicating with people from different faculties and also universities, which further enhanced my leadership skills and university exposure.

Shane Andrew JEEVAN
Malaysian

Raffles University
Business Administration
Class of 2022

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "Board") of Raffles Education Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to excellence in corporate governance, transparency and accountability, seen as essential for the long-term performance and sustainability of the Group, and to protect and enhance the interests of shareholders and other stakeholders.

The Group's corporate governance practices and processes are guided by the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and are continually reviewed for relevance and effectiveness by reference to the legal and regulatory environment in which the Group operates. We confirm that the Group has complied with the principles and provisions of the Code during the financial year ended 30 June 2022 and where there are deviations from the Code, appropriate explanation is provided within this Statement.

I. BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

Board Responsibility

The Board directs the Group in the conduct of its affairs, exercising its fiduciary role at all times in the interests of the Group to ensure that corporate responsibility and ethical standards are met. The Board is collectively responsible for the activities of the Group, its strategy and governance, risk management and financial performance.

The following matters are specifically reserved for the Board:

- Setting the strategic direction and long-term goals for the Group and ensuring adequate resources to meet these objectives.
- Approving and monitoring capital and financial plans to ensure alignment with the Group's strategic directions.
- Approving the annual budget, annual and interim financial statements, major funding proposals and capital expenditures, and strategic acquisitions and divestments.
- Ensuring the adequacy and integrity of the internal controls and setting risk appetites, establishing a risk strategy and a framework for risks to be assessed and managed.
- Approving appointments of suitable candidates to the Board and endorsing the appointments of key personnel, internal and external auditors.
- Monitoring and reviewing management performance.
- Making succession plans for itself and key persons to ensure continuity of leadership.

Delegation by the Board

The Board delegates certain functions to committees to enable the Board to manage more effectively its stewardship and fiduciary responsibilities. However, the ultimate responsibility and decision on all matters still lies with the Board. The Board is assisted by four committees, namely, the Audit Committee, Nominating Committee, Remuneration Committee and Risk Management Committee, each constituted with clear written terms of reference. Each Board Committee has direct access to management and the discretion to hire independent advisers as it deems necessary.

CORPORATE GOVERNANCE STATEMENT

Board Meetings and Board Committees

The schedule for all meetings of the Board and Board Committees for the next calendar year is planned well in advance in consultation with the Directors. The Board meets at least four times a year at regular intervals. Additional meetings are convened where necessary to address significant transactions or issues that arise. Where exigencies prevent a member from attending a Board meeting in person, telephonic attendance and conference via audio-visual communication are allowed under the Constitution of the Company. Board and Board Committees' decisions are also obtained through circulation of written resolutions. The Constitution of the Company allow written resolutions that are signed by any two members, being the quorum necessary for transaction of the business of the Directors, to be as effective as if they were passed at physical meetings.

The attendance at meetings of the Board and Board Committees held in the financial year ended 30 June 2022 are as follows:-

	Board	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Independent Committee (Established on 4 March 2022)
No. of meetings held	15	4	2	2	2	
No. of meetings attended by respective Directors						
Mr Chew Hua Seng	15	*4	2	*2	*2	
Mdm Lim Siew Mun	14	4 (appointed as member w.e.f. 01/7/21)	2 (appointed as member w.e.f. 01/7/21)	1 (appointed as member w.e.f. 01/7/21)	2 (appointed as member w.e.f. 01/7/21)	(Appointed as Chairperson on 4 March 2022)
Mr Lim How Teck	15	4	2	2	-	
Mr Ng Kwan Meng	15	4	2 (appointed as Chairman w.e.f 30/10/21)	2	1 (appointed as Chairman w.e.f. 01/07/21	
Mr Joseph He Jun	14	*4	*1	1	2	
BG Chua Chwee Koh	1 (appointed as Independent Non-Executive Director on 4 March 2022)	1	*1	-	-	(Member of Independent Committee on 4 March 2022)
Mdm Gan Hui Tin (retired on 30/10/21)	8	1	1 (appointed as Chairman w.e.f. 01/07/2021 & retired on 30/10/2021)	*1	- (resigned as Chairman w.e.f. 01/07/21)	

* Attendance at invitation of the Committees.

CORPORATE GOVERNANCE STATEMENT

Board Induction

New Directors are appointed by the Board upon recommendation of the Nominating Committee. Newly appointed Directors would be issued with a formal letter of appointment or service agreement setting out, *inter alia*, the scope of their duties and responsibilities as a Director under the various relevant Singapore laws.

In addition, a newly appointed Director is given an orientation to the Group's businesses and governance practices. As Directors are appointed based on their existing knowledge, skills and experience that are expected to enhance the effectiveness of the Board, any further training after appointment are for continual professional development.

The Company will, as and when required or necessary, arrange and fund the training for a first-time Director of a listed company in areas of accounting, legal and compliance such as Directors' duties and responsibilities under statute and common law, and a broad overview on the rules of SGX-ST Listing Manual.

To facilitate the further development of the competencies of the members of the Board, all Directors are also updated regularly on key accounting and other regulatory changes that have a significant impact on the Group either during Board meetings or via electronic mail.

Access to Information

Agendas for Board meetings are set in advance with items proposed by the CEO and management. Directors have separate and independent access to senior management and the Company Secretary and are provided with complete and relevant information in a timely manner. Directors are entitled to request from management such additional information as are needed in order to make informed and timely decisions. Directors also have the discretion to seek independent professional advice at the expense of the Group.

Company Secretary

The Company Secretary attends all meetings of the Board and ensures that applicable rules, regulations and Board procedures are complied with. Under the Constitution of the Company, the appointment and removal of the Company Secretary require the approval of the Board.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Independence of Judgement

The present Board comprises six members who are business leaders or professionals with financial or other technical backgrounds. Amongst them are four independent Directors, one non-executive and non-independent Director, and one executive Director. There is a strong independent element on the Board as the majority of the Board and its four Board Committees are independent Directors.

An "independent Director" is defined in the Code as one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company.

All Directors are required to officially disclose their interests in the Company including any interested person transactions with the Company. Any Director who has an interest that may present a conflict between his obligation with the Company and his personal business or other interests will either recuse himself from participating in the deliberations and voting on the matter or declare his interest and abstain from decision-making. All Directors practise good governance by updating the Company with the changes to their interests in a timely manner.

The Nominating Committee assesses and determines the independence of a Director upon appointment and on an annual basis. Please refer to the section on "Board of Directors" in the Annual Report for key information on each director.

Annual Review of Director's Independence

The Nominating Committee reviews the independence of each Non-Executive Director in August annually by taking into consideration the information collected through the confirmation of independence completed by each Director which is addressed to the Nominating Committee. The Director is required to declare any circumstances in which he may be considered non-independent. Nominating Committee will review each confirmation of independence before affirming the independence of a Director. The Nominating Committee adopts the materiality thresholds and independence criteria as defined in the Code.

Name of Director	Appointment	Date of Initial Appointment	Last Re-election
Mr Chew Hua Seng**	Chairman and Chief Executive Officer Member of Nominating Committee	25 November 1999	30 October 2021
Mdm Lim Siew Mun**	Lead Independent and Non-Executive Director Chairman of Independent Committee Member of Audit, Nominating, Remuneration and Risk Management Committees	1 July 2021	30 October 2021
Mr Lim How Teck	Independent and Non-Executive Director Chairman of Audit and Remuneration Committees Member of Nominating Committee	6 March 2018	30 October 2020
Mr Ng Kwan Meng**	Independent and Non-Executive Director Chairman of Nominating and Risk Management Committees Member of Audit and Remuneration Committees	25 February 2021	30 October 2021
Mr Joseph He Jun	Non-Independent and Non-Executive Director Member of Remuneration and Risk Management Committees	05 November 2018	31 October 2019
BG Chua Chwee Koh	Independent and Non-Executive Director Member of Audit, Risk Management and Independent Committees	4 March 2022	N.A.

Note:
** retired in Annual General Meeting held on 30 October 2021.

The Nominating Committee is tasked by the Code to undertake a “particularly rigorous review” of the independence of a Director that has served on the Board for a continuous period of nine years or longer from the date of his first appointment. If the Nominating Committee decides to regard such a Director as independent, it shall disclose its explanation in the Company’s Annual Report.

As of now, there are no Independent Directors and Non-Executive Directors on the Board who have served beyond nine years from the date of their appointment.

Board Composition

The Nominating Committee reviews the composition of the Board in the process of new appointments and on an annual basis. The Nominating Committee is satisfied that the current Board comprises persons who as a group, provide core competencies necessary to meet the Company’s objectives and that the current board size is adequate, taking into account the nature and scope of the Company’s operations.

The information of current composition, date of initial appointment and last re-election of each member of the Board and Board Committees are presented in a table in the preceding page.

Role of Non-Executive Directors

The non-executive Directors of the Company, who are also independent, together with the non-executive and non-independent Director, constructively challenge and assist in developing proposals on strategy. They also assist the Board in reviewing the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Meeting of Directors without Management

The Non-Executive Directors meet without the presence of management or Executive Directors at least once a year or hold *ad hoc* meetings as circumstances dictate, to review and discuss any matters required to be raised privately. The meetings are chaired by the Chairman of the Independent Committee who is also the Lead Independent Director.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Separation of the Role of Chairman and the Chief Executive Officer (“CEO”)

Mr Chew Hua Seng is both the Chairman and CEO of the Company. He bears executive responsibility for the overall management and strategic development of the Group in addition to overseeing the activities of the Board and ensuring that procedures are in place for compliance with the Code.

Although the roles and responsibilities for both Chairman and CEO are vested in Mr Chew, major decisions are made in consultation with the Board which comprises a majority of non-executive and independent Directors. The Board believes that there are adequate measures in place to ensure a degree of checks and balances.

In addition, the Board has appointed an Independent Director to be the Lead Independent Director as recommended by Provision 3.3 of the Code. The Lead Independent Director acts as the principal liaison between the Independent Directors of the Company and the Chairman of the Board, and between the Independent Directors of the Company and senior management. The Lead Independent Director chairs all the meetings of Independent Directors and provides feedback on such meetings to the Chairman of the Board.

The Lead Independent Director also responds to queries and comments that shareholders of the Company have directed to her or to the Independent Directors of the Company collectively, in consultation with the Chairman of the Board and the other Non-Independent Director, as he may deem appropriate.

As the Chairman, Mr Chew is responsible for:

- ensuring that Board meetings are held when necessary and preparing the meeting agendas (with the assistance of the Company Secretary) to enable the Board to perform its duties effectively having regard to the flow of the Group's businesses and operations.
- reviewing board papers before they are presented to the Board to ensure that information provided is adequate.
- ensuring sufficient allocation of time for members of the Board to engage in constructive debate on strategic issues and business planning.
- controlling the quality, quantity and timeliness of information flow between the Board and management.
- fostering constructive dialogue between shareholders, the Board and management during annual general meetings and other shareholder meetings.
- promoting high standards of corporate governance.

PRINCIPLE 4: BOARD MEMBERSHIP

Nominating Committee

The Nominating Committee (the "**NC**") has put in place a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The current composition of the NC comprises four members, of whom three are non-executive and independent Directors and one executive director:

1. Mr Ng Kwan Meng, Chairman of NC (Independent Director)
2. Mr Lim How Teck (Independent Director)
3. Mr Chew Hua Seng (Chairman and Chief Executive Officer)
4. BG (Retd) Chua Chwee Koh (Independent Director) – appointed as member w.e.f. 23 August 2022
5. Mdm Lim Siew Mun (Lead Independent Director) – resigned as member w.e.f. 23 August 2022

The NC's responsibilities include, but are not limited to, the following:

- reviewing regularly the composition of the Board and Board Committees, taking into consideration the size and independence requirements, amongst others.

  Please refer to Principle 2 for details of the "Annual Review of Director's Independence".

- reviewing the Board's succession plans for Directors, in particular, the Chairman and the CEO.
- identifying, reviewing and recommending Board appointments for approval by the Board, taking into account the experience, expertise, knowledge and skills of the candidate and the needs of the Board.
- reviewing and recommending to the Board the re-appointment of any Non-Executive Director having regard to his/her performance, commitment and ability to contribute to the Board as well as his/her skillset
- maintaining a process for evaluating the performance of the Board, Board Committees and the Directors.
- conducting an annual evaluation on the performance of the Board, Board Committees and the Directors, and in particular where the Directors concerned have multiple board representations, whether the NC is satisfied that sufficient time and attention have been given by the Directors to the affairs of the Company notwithstanding their multiple board representations.

Selection Criteria and Nominating Process for New Directors

The NC recognises the importance of an appropriate balance and diversity of industry knowledge, skills, background, experience professional qualifications and gender in building an effective Board. To this end, the NC reviews the Board's collective skills matrix regularly.

As part of the formal process for the appointment of new Directors, the NC reviews the composition of the Board and identifies the skillsets that will enhance the Board's effectiveness. Suitable candidates are identified from various sources including search companies and through recommendations. The NC considers the proposed candidate's independence, expertise and background, and determines if he or she possesses the skills required and makes its recommendations to the Board accordingly.

Rotation and Re-election of Directors

The Constitution of the Company requires one-third of Directors that are longest-serving to retire from office every year at the Annual General Meeting ("**AGM**").

Directors' Multiple Directorships in Listed Companies

The Company has not determined a specified maximum number of listed board representations for a Director, but the NC takes into consideration the individual's other competing time commitments such as whether the individual also holds a full-time executive position in other organisations.

The NC had carried out an evaluation and review of the contributions of each Directors at meetings of the Board and Board Committees and Directors' participation in the affairs of the Company, including a review of matters such as the independence of Directors, their individual skills, experience and time commitment, in particular for Directors who served on multiple boards as well as overall Board size and compositions.

The NC is satisfied that despite the multiple directorships of certain Directors, the Directors had spent adequate time on the Company's affairs and have carried out their responsibilities.

Alternate Director

There is no appointment of Alternate Director on the current Board of the Company.

Key Information on Directors

The Notice of AGM sets out the Directors proposed for re-election. Key information on each Director can be found in the "Board of Directors" section of this Annual Report.

In addition, information on shareholdings in the Company held by each Director is set out in the "Directors' Statement" section of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The NC makes an assessment in August annually to determine whether the Board, Board Committees and the Directors are performing effectively and formulate action plans for improvement. No external facilitator is appointed to assist NC in the evaluation. The performance evaluation criteria are set by the NC.

The Board Performance Evaluation Questionnaire includes questions on:

(i) Board's composition;

(ii) Board's access to information;

(iii) Board procedures such as the conduct of proceedings at Board meetings and the independent access to officers and members of management outside of Board meetings; and

(iv) Board's standard of conduct in preventing conflicts of interest and the disclosure of personal interests in transactions and abstention from voting where appropriate.

The performance of the Directors, individually and collectively, is assessed by means of a performance appraisal that covers a range of issues including Board size, the proportion of Non-Executive Directors versus Executive Directors, whether there is an adequate diversity of independence, the right mix of expertise, experience and skills, and whether expertise and skills applied to the various issues that come before the Board enabled sound, balanced and well considered decisions.

The performance of individual Directors, formal evaluation is carried out by the NC as and when a Director is due for retirement by rotation and is seeking re-election. Contributions in different forms by an individual Board member including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and attendance at Board and Board Committee meetings are considered.

II. REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee (the "**RC**") comprises three members of whom two are non-executive and independent Directors and one a non-executive and non-independent Director:

1) Mr Lim How Teck, Chairman of RC (Independent Director)
2) Mdm Lim Siew Mun (Lead Independent Director)
3) Mr Joseph He Jun (Non-executive and Non-Independent Director)
4) Mr Ng Kwan Meng (Independent Director) – resigned as member w.e.f. 23 August 2022
5) Mr Chew Hua Seng (Chairman and Chief Executive Officer) – resigned as member w.e.f 16 September 2022

The principal functions of the RC are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the Company's Board and key executives, and to determine specific remuneration packages for each executive director and the Chief Executive Officer and such other members of the executive management as it is designated to consider

- determine targets for any performance related pay schemes operated by the Company, taking into account pay and employment conditions within the industry and in comparable companies

- within the terms of the agreed policy, determine the total individual remuneration package of each executive manager including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options

- determine the policy for and scope of service agreements for the executive management team, termination payments and compensation commitments, including fixing appointment period for the directors

- determine the remuneration of non-executive directors, taking into factors such as efforts, time spent and the responsibilities

- oversee any major changes in employee benefit structures throughout the Company or Group

The RC is satisfied that the existing framework that has the endorsement of the Board and which serves to attract, retain and motivate senior management staff of the Group through competitive compensation compared to the industry and comparable companies, is still relevant and effective. The framework for remuneration of Directors and key management personnel covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, grant of shares and benefits in kind.

In addition, the RC reviews the obligations arising in the event of termination of the executive Directors' and key management personnel's contract of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC has access to expert advice from external remuneration consultants where required.

None of the RC members or Directors is involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

CORPORATE GOVERNANCE STATEMENT

Raffles Education Corporation Performance Share Plan (Year 2021)

The Company had, by way of a shareholders' approval at the Annual General Meeting held on 30 October 2021, adopted the "Raffles Education Corporation Performance Share Plan (Year 2021)" (the "RE PSP"). The RE PSP is administered by a committee of directors comprising as follows:-

Mr Lim How Teck (Chairman)
Mr Chew Hua Seng (Resigned as member w.e.f. 16 September 2022)
Mr Joseph He Jun
Mdm Lim Siew Mun

A member of the Remuneration Committee who is also a Participant of the RE PSP must not be involved in its deliberations in respect of options granted or to be granted to him or held by him.

Participants of RE PSP are not required to pay for the grant of awards and they have a right to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, provided that certain performance conditions or other conditions are met and upon the expiry of the vesting periods.

Eligibility to participate in the RE PSP extends to among others, executive and non-executive directors of any member of the Group and confirmed full-time employees of any member of the Group, and this includes the non-executive Directors (including independent Directors). Controlling Shareholders of the Company and/or their Associates (each as defined in the RE PSP) are not eligible to participate in the RE PSP.

It is currently intended that, subject to shareholders' approval at the upcoming Annual General Meeting, the Lead Independent Director and the non-executive Directors, who hold office as at the payment date, will each receive a portion of their Directors' remuneration for the financial year ended 30 June 2022 in the form of Awards pursuant to the RE PSP.

Awards can be exercised within 3 years and one-third of the awards granted can be exercised each year.

Awards granted will lapse when participant ceases to be an executive director, non-executive director or full-time employee with the Group, subject to certain exceptions at the discretion of the Company.

The aggregate number of shares over which awards may be granted on any date, when added to the number of shares issued and issuable in respect of all share-based incentive schemes under the RE PSP, shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company on the day preceding that date of grant.

The Directors are of the view that the participation by the independent non-executive Directors in the RE PSP will not affect the independence of such independent non-executive Directors, as it is contemplated that the number of Shares subject to such Award(s) will not be significant such as to affect their independence. For this proposed Award of Shares to non-executive Directors (including independent Directors), it is contemplated that existing treasury shares [(to the extent available)] will be transferred and delivered to the non-executive Directors, in order to minimise the potential dilutive impact on the Company's issued share capital.

Since the commencement of the RE PSP and up to and including 30 June 2022, no grants of Awards have been made to any of the Directors, and no participant has been awarded 5% or more of the total number of Shares available under the RE PSP. There were no awards granted to participants who are controlling shareholders of the Company and their associates.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The Group advocates a performance-based remuneration system that is directly linked to corporate and individual performance, both in terms of financial and non-financial remuneration, and the creation of shareholder wealth by incorporating appropriate key performance indicators.

Remuneration of Executive Director

A significant proportion of the CEO's remuneration is structured such that it links rewards to corporate and individual performance.

If necessary, the RC would seek and indeed had sought external expert advice on the remuneration package of the CEO.

Remuneration of Non-Executive Directors

All non-executive and independent Directors and non-executive and non-independent Director, received Director's fees and fees for serving on the various Board Committees. These fees are subject to shareholders' approval at the Company's AGM.

The terms of appointment of the directors are as specified in the Constitution of the Company. All non-executive and independent Directors and non-executive and non-independent Director do not have service contracts with the Company.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Board has not included a separate annual remuneration report to shareholders in this Annual Report as the Board is of view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Statement and the financial statements of the Company.

Remuneration of Directors for the year ended 30 June 2022 in bands of S$250,000 is set out below:

Name of Director	Fees %	Salary %	Performance-Related Bonuses %	Total %
Between S$2,750,000 to S$3,000,000				
Mr Chew Hua Seng	-	40	60	100

Name of Director	Fees%	Salary%	PSP Shares%	Total%
Below S$250,000				
Mr Lim How Teck	77	-	23	100
Mr Joseph He Jun	67	-	33	100
Mr Ng Kwan Meng	74	-	26	100
Mdm Lim Siew Mun	74	-	26	100
BG Chua Chwee Koh[1]	71	-	29	100
Mdm Gan Hui Tin[2]	100	-	-	100

[1] BG CHUA Chwee Koh appointed as Independent Non-Executive Director effective from 4 March 2022.

[2] Mdm. Gan Hui Tin resigned as Independent Non-Executive Director effective from 30 October 2021.

The remuneration of Directors is disclosed within bands instead of rounded to the nearest thousand dollars as the Board is of the view that the disclosure in bands provides a balance between detailed disclosure and confidentiality.

The remuneration of the top five key management personnel (who are not Directors or the CEO), are disclosed in bands, as indicated in the following table as the Board is of the view that the Group's key management remuneration is a sensitive issue to the individuals and to the Group.

The Group operates in very diverse market conditions across many jurisdictions with diverse cultural and local sensitivities when it comes to personal renumeration. The non-disclosure of exact remuneration does not compromise the ability of the Company to meet the Corporate Governance Code, as the RC, comprising two non-executive and independent Directors and one non-executive and non-independent Director, reviews the remuneration package of such key management personnel who are remunerated based on the performance of the individual and the Group to ensure that they are fairly remunerated.

The Group's framework and policies on remuneration take into consideration performance factors such as size of the college and maturity of the college (number of years in operation) when assessing the performance of its key management personnel. In addition to financial performance, the level of difficulty in managing a particular college arising from local operational and regulatory conditions is also taken into consideration in the appraisal of performance.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY 2022 was $1,438,651. The level and mix of each of the key management personnel (who are not also directors or the CEO) in bands of S$50,000 are set out below:

Remuneration Band & Name of Key Management Personnel	Salary (%)	Performance-Related Variable Bonuses (%)	Total (%)
Between S$400,000 to S$450,000			
Executive 1	86	14	100
Between S$300,000 to S$350,000			
Executive 2	87	13	100
Between S$200,000 to S$250,000			
Executive 3	87	13	100
Executive 4	86	14	100
Between S$150,000 to S$200,000			
Executive 5	86	14	100

Save as disclosed below, none of the Directors had family members who were employees of the Group and whose personal remuneration exceeded S$100,000. The following are employees who are immediate family members of Mr CHEW Hua Seng, the Chairman and CEO. Their remuneration in bands of S$50,000 during the financial year ended 30 June 2022 are shown below:

Remuneration Band & Name of Immediate Family Members of CEO	Relationship	Salary (%)	Performance-Related Variable Bonuses (%)	Total (%)
Between S$400,000 to S$450,000				
Doris CHUNG Gim Lian	Spouse of Chairman and CEO	86	14	100
Between S$200,000 to S$250,000				
CHEW Han Wei	Son of Chairman and CEO	87	13	100
CHEW Han Qiang	Son of Chairman and CEO	87	13	100

III. ACCOUNTABILITY AND AUDIT

Accountability

The Board provides shareholders with bi-annual financial reports, price sensitive reports and reports to regulators (if required). In presenting these reports, the Board aims to give shareholders a balanced and understandable assessment of the Group's financial performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

Management currently provides annual budgets and business plans to members of the Board for endorsement. The Chairman and CEO receives detailed management accounts of the Group on a quarterly basis.

The Group has a policy on corporate disclosure controls and procedures to ensure that the Group complies with its disclosure obligations under the Listing Manual. These controls and procedures incorporate decision-making procedures and an obligation on internal reporting of decisions made.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management Committee

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. The internal control and risk management functions are performed by the Group's key executives and reported to the Audit Committee (the "**AC**") for review.

The Board has established the Risk Management Committee (the "**RMC**") to assist the Board in overseeing the risk management practices of the Group.

The RMC comprises four members of whom three are non-executive and independent Directors and one is non-executive and non-independent Director:

1. Mr Ng Kwan Meng (Independent Director)
2. Mdm Lim Siew Mun (Lead Independent Director) – Resigned as member w.e.f. 23 August 2022
3. Mr Joseph He Jun (Non-Independent Director)
4. BG Chua Chwee Koh (Independent Director) – Appointed as member w.e.f. 4 March 2022

Note:

- BG Chua Chwee Koh (Independent Director) appointed as additional member of RMC with effect from 4 March 2022.
- Mdm Lim Siew Mun (Lead Independent Director) resigned as member of RMC with effect from 23 August 2022

The principal functions of the RMC are, amongst others, to:

- review and recommend to the Board the type and level of business risks that the Group undertakes on an integrated basis to achieve its business objectives.
- set policies for managing risks that are consistent with the Group's risk appetite.
- advise the Board on proposed strategic transactions, focusing on risk aspects and implications for risk appetite and tolerance of the Group.
- review reports on any material breaches of risk limits and the adequacy of proposed action.
- review the effectiveness of the Group's internal controls and risk management systems.

Internal Controls

The Group has instituted an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology risks to safeguard the interests of shareholders and the Group's assets.

An enterprise-wide risk management framework has been set in place to enhance the Group's risk management capabilities. This is administered by the Enterprise Risk Management team ("**ERM**"). The key risks of the Group are identified and action plans made to mitigate these risks. Risk awareness and ownership of risk treatments are continually instilled and reinforced throughout the organisation.

As the environment in which the Group operates changes, risks and opportunities also change. Under the ERM Framework, which is developed with reference to the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Model, management of all levels are expected to constantly review the business operations and the environment that the Group operates in to identify risk areas and ensure mitigating measures are promptly developed to address these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, managing and monitoring risks faced by the Group.

Individual business units have different cultures and risk profiles. Hence, each business unit will identify and evaluate its set of risks. As part of the internal audit of each business unit, risk identification, analysis and evaluation exercise will be carried out and treated according to the risk management process as set out in the ERM Framework. The risk owners, internal auditor and management participate in the review process.

The Board has received assurance from the CEO and Chief Financial Officer ("**CFO**") that, as at 30 June 2022:

a) the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances; and

b) the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

CORPORATE GOVERNANCE STATEMENT

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, reviews performed by management and various Board Committees and assurances received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control and risk management systems were adequate and effective as at 30 June 2022 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the internal control and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this respect, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

Related Party Transactions

The Company has adopted procedures to comply with all regulations governing related party transactions, and for the periodic review and approval of these transactions by the AC.

Pursuant to Rule 907 of the Listing Manual of the SGX-ST, the aggregate value of interested person transactions entered into by the Group during FY2022 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less that S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Mr Chew Hua Seng	S$1,132,000

Note:

- The Company does not have a shareholders' mandate on interested party transactions.
- The nature of interested party transaction is described under Notes 32 of the Financial Statements FY2022.

Dealings in Securities

The Company has adopted the SGX-ST Best Practices Guide with respect to dealings in securities for the guidance of Directors and employees. Directors and employees of the Group are reminded on a quarterly basis to refrain from dealing in the Company's securities on short-term considerations and to abstain from dealing with the Company's securities for a period commencing two weeks before the announcement of results for the first three quarters and one month before the announcement of the full year results, and ending on the date of the announcement of the relevant results. Directors and employees of the Group are simultaneously reminded that they are also not permitted to deal in the Company's securities at any time when in possession of any unpublished price sensitive information relating to the Group.

PRINCIPLE 10: AUDIT COMMITTEE

The Audit Committee (the "**AC**") has written terms of reference that are approved by the Board and clearly set out its responsibilities. A former partner or director of the Company's existing auditing firm or auditing corporation cannot act as a member of the Company's AC:

a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case

b) for as long as he has any financial interest in the auditing firm or auditing corporation.

The AC comprises four members who are all non-executive and independent Directors:

1) Mr Lim How Teck, Chairman of AC (Independent Director)
2) Mr Ng Kwan Meng (Independent Director)
3) Mdm Lim Siew Mun (Lead Independent Director)
4) BG Chua Chwee Koh (Independent Director)

Note:

- BG Chua Chwee Koh was appointed as an additional member of AC with effect from 4 March 2022.

The AC meets on a quarterly basis, with further meetings if circumstances require. The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibility properly. The AC is kept abreast by management and the external auditors of changes to accounting standards, the Listing Manual of the SGX-ST and other regulations which could have an impact on the Group's operations and financial statements. Members of the AC also update themselves through relevant publications and by attending relevant seminars and courses.

Please refer to the section on "Board of Directors" in the Annual Report for key information on the AC members, including their academic and professional qualifications.

The AC assists the Board to maintain a high standard of corporate governance, particularly in the areas of effective financial reporting and the adequacy of internal controls system of the Group.

The responsibilities of AC include:

- Review the scope of annual internal and external audit plans, evaluation of internal accounting control systems, audit report, significant internal audit observations and management's responses thereto.

- Review the quarterly and annual financial statements before submission to the Board for approval.

- Review and discuss with external auditors any suspected fraud, irregularities or regulatory breaches which have or likely to have a material impact on the Group's operating results or financial position.

- Evaluate the assistance given by management to the external auditors and discuss issues of concern, if any, arising from interim and final audits or any matters the auditors wish to discuss.

- Review at least annually the adequacy and effectiveness of the internal audit function.

- Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (with the assistance of competent external professionals, if necessary).
- Review the scope and results of the external audit, and the independence and objectivity of the external auditors.
- Review any interested person transactions in perspective of Interested Person Transactions Policy and Listing Manual of the SGX-ST.
- Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and which warrant AC's attention.
- Undertake such other functions and duties as may be required under the AC's Terms of Reference, by statute or the Listing Manual of SGX-ST, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its Terms of Reference, and has full access to and co-operation of the management. The AC has the full discretion to invite any Director, executive officer, internal auditors and external auditors to attend its meetings.

The AC meets with the external auditors, BDO LLP, without the presence of management, at least once a year. The external auditors also have unrestricted access to the AC. The internal auditors, who report to the Chairman of the AC, engage in regular communication with the AC.

External Auditors

The AC makes recommendations to the Board for the appointment, re-appointment and dismissal of the external auditors, including the remuneration and terms of engagement.

The AC reviews the independence and objectivity of the external auditors through discussions with them as well as a review of the volume and nature of all non-audit services provided by the external auditors during the relevant financial year. The AC is satisfied that the financial, professional and business relationships between the Group and BDO LLP will not prejudice their independence and objectivity and has recommended their re-appointment as external auditors of the Company at the coming AGM.

Whistle-blowing Policy

The Group has a whistle-blowing policy and established procedures which provide well-defined and accessible channels within the Group on the escalation, investigation and follow up of any reported wrong-doing by an employee, customer, vendor or third party.

Internal audit

The Board and the AC agree that it is important to have a strong professional internal audit function that will enhance the management of risk and safeguard shareholders' interests. However, the size of the operations of the Group does not warrant having an in-house internal audit function. The internal audit function is outsourced to Baker Tilly Consultancy (Singapore) Pte Ltd.

Baker Tilly Consultancy (Singapore) Pte Ltd is affiliated to Baker Tilly TFW LLP, one of the 10 largest accountancy and business advisory firms in Singapore and also an independent member of Baker Tilly International, the world's 8th largest accounting and business advisory network. The persons assigned to carry out the internal audits on the Group are well qualified, with certifications such as Chartered Accountant of Singapore, Certified Internal Auditor and Certification in Risk Management Assurance, amongst others. The AC is satisfied that Baker Tilly Consultancy (Singapore) Pte Ltd has adequate resources to perform its functions and also has the appropriate standing within the Company.

The responsibilities of internal audit include:

- Evaluating the adequacy and effectiveness of the Group's risk management and internal controls systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets.

- Reviewing whether the Group complies with relevant laws and regulations and adheres to established policies.

- Reviewing whether management is taking appropriate steps to address control deficiencies.

Baker Tilly Consultancy (Singapore) Pte Ltd has conducted its internal audits on the Group in accordance with internal audit methodology which is aligned with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit has direct access to AC Chairman and would update AC Chairman regularly. The AC reviews annually the adequacy and effectiveness of the internal audit function.

The AC reviews and approves the annual internal audit plans and reviews the scope and results of internal audit procedures issued by the internal auditors. Internal audit has unfettered access to the AC, the Board and senior management, as well as the right to seek information and explanation. Internal audit also has unfettered access to all of the Group's documents, records, properties and personnel. All audit reports are circulated to the AC, the CEO, the external auditors and the relevant senior management representatives. Information on outstanding issues is categorised according to level of concern and high-risk outstanding issues are escalated to senior management for timely resolution.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Shareholder Rights

The Group accords all shareholders fair and equitable treatment. The Group is committed to the practice of fair, transparent and timely disclosure of material information to enable shareholders to make informed decisions in respect of their investments in the Company. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

Announcements of results and information on new initiatives are published through the SGXNET. Financial results and Annual Reports are announced or issued within the mandatory period. Shareholders can also access information on the Group via the website https://raffles.education.

CORPORATE GOVERNANCE STATEMENT

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and be informed of the rules, including voting procedures that govern such meetings. Shareholders may download the Annual Report and notice of the general meeting from the Company's website at https://raffles.education and SGXNET. The notice of general meeting is also broadcasted on SGXNET.

The Constitution of the Company allows each shareholder to appoint up to two (2) proxies to attend and vote at general meetings on his/her behalf, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Annual General Meeting (AGM 2022) to be held on 25 October 2022 will be held via electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM 2022 via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of or "live" at the AGM 2022, voting at the AGM "live" by the member or his/her/its duly appointed proxy(ies) (other than Chairman of Meeting) via electronic means or by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM are set out in the Company's announcement dated 3 October 2022.

The Minutes of the AGM which will incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the AGM and responses from the Board and Management will be published on SGXNET and the Company's website at https://raffles.education.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Communication with Shareholders

The Group's investor relations activities promote regular, effective and fair communication with shareholders. All press statements, if any, and quarterly financial statements are published on the Group's website https://raffles.education and at SGXNET website.

An investor relations team supports the Chairman and CEO in maintaining a close and active dialogue with institutional investors. Contact details for investors to submit their feedback and queries are provided on the Group's website.

Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Conduct of Shareholder Meetings

The AGM provides shareholders with the opportunity to share their views on matters of the Group and to meet the Board of Directors, including chairpersons of the Board Committees and certain members of senior management. Directors must attend all general meetings of the Company unless prevented by extenuating circumstances. The Group encourages and values shareholders' participation at its general meetings. Representatives from the external auditors of the Company are also present at AGM of the Company to address shareholders' queries.

The Company Secretary prepares Minutes of shareholders' meetings which incorporate substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and the responses from the Board and management. The Minutes are available to shareholders upon request.

In accordance with the recommendations contained in the Code and its Guidelines, comprehensive explanatory notes are provided in the notice of meeting on any special business to be transacted and resolutions requiring the approval of shareholders are tabled separately at the Company's general meetings unless they are closely related and are more appropriately dealt with together.

All the resolutions proposed at the Company's general meetings are put to vote by poll. The Company has adopted electronic poll voting which allows the votes cast for or against together with the respective percentages on each resolution to be tallied immediately and displayed live on screen at the general meeting. The same information is also announced after the general meeting via SGXNET.

V. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company's material stakeholders are its shareholders, employees and the communities in which its subsidiary companies and institutions of learning operate in. The Company sets the direction for the growth of the organization but it does so in the knowledge of stakeholders' requirements and needs.

The Company regularly seeks its stakeholders' views and expectations through conversations, collaboration and research. By taking an inclusive approach, the Company hopes the stakeholders in turn will have a deeper understanding of the Company's strategic goals, practices and performance.

The environmental, social and governance factors that are material to the Company and its' stakeholders have been identified and are described in the Company's Sustainability Report.

The Company's FY2022 Sustainability Report will be issued by 25 November 2022 and such Report will be made available to shareholders on SGXNET and the Company's website https://raffles.education in due course.

Through regular interactions, the Company will manage its relationships with all stakeholders and keep them apprised of the Company's governance, social and environmental concerns. All these efforts will be detailed in the Company's Sustainability Report.

FINANCIALS

DIRECTORS' STATEMENT

The Directors of Raffles Education Corporation Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group"), the statement of changes in equity of the Company for the financial year ended 30 June 2022 and the statement of financial position of the Company as at 30 June 2022.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement and as disclosed in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has on the date of this statement, authorised these financial statements for issue.

2. Directors

The Directors of the Company in office at the date of this statement are:

Chew Hua Seng
Lim Siew Mun
Lim How Teck
Ng Kwan Meng
Chua Chwee Koh (Appointed on 4 March 2022)
Joseph He Jun

3. Arrangements to enable Directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967 (the "Act"), none of the Directors who held office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of the year	**At end of the year**	**At beginning of the year**	**At end of the year**
Interests in Raffles Education Corporation Limited				
	Number of ordinary shares			
Chew Hua Seng	428,864,605	442,519,605	34,043,159	34,043,159
Lim Siew Mun	-	1,000,000	-	-
Lim How Teck	-	2,000,000	-	2,000,000
Ng Kwan Meng	40	3,000,040	55,000	555,000
Chua Chwee Koh	-	6,000,000	-	-

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 July 2022 in the shares of the Company have not changed from those disclosed as at 30 June 2022 except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At end of the year	**At 21 July 2022**	**At end of the year**	**At 21 July 2022**
Interests in Raffles Education Corporation Limited				
	Number of ordinary shares			
Ng Kwan Meng	3,000,040	3,000,040	555,000	2,000,000
Chua Chwee Koh	6,000,000	9,000,000	-	-
Lim Siew Mun	1,000,000	3,000,000	-	-

By virtue of Section 7 of the Act, Chew Hua Seng is deemed to have interests in the shares of all the related corporations of the Company as at the beginning and end of the financial year.

DIRECTORS' STATEMENT

5. Share options and performance shares

5.1 Share options

(a) Options to take up unissued shares

The Company had, by way of a shareholders' approval at an Extraordinary General Meeting held on 23 March 2011, adopted a new scheme "Raffles Education Corporation Employees' Share Option Scheme (Year 2011)" (the "RE ESOS Scheme").

The RE ESOS Scheme are administered by the Remuneration Committee whose current members are:

Lim How Teck (Chairman)
Joseph He Jun
Lim Siew Mun

A member of the Remuneration Committee who is also a Participant of the RE ESOS Scheme must not be involved in its deliberations in respect of options granted or to be granted to him or held by him.

Statutory and other information regarding the RE ESOS Scheme are set out below:

(i) The Committee may at its discretion, fix the subscription price at a discount up to 20% off market price, or a price equal to the average of the last dealt market prices for the 5 consecutive market days on which the shares of the Company were traded on the SGX-ST immediately preceding the date of grant of the options.

(ii) Consideration for the grant of an option is $1.00.

(iii) Options can be exercised 1 year after grant for market price options and 2 years for discounted options.

(iv) Options granted will expire after 5 years for participants not holding a salaried office or employment in the Group, and 10 years for employees of the Group.

(v) Options granted will lapse when participant ceases to be a full-time employee with the Group, subject to certain exceptions at the discretion of the Company.

(vi) The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the RE ESOS Scheme, shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company on the day preceding that date of grant.

5. Share options and performance shares (Continued)

5.1 Share options (Continued)

(b) Unissued shares under option and options exercised

Under the RE ESOS Scheme, share options granted, exercised and cancelled during the financial year and outstanding as at 30 June 2022 were as follows:

Date of grant	At 1 July 2021 Or date of grant, whichever is later ('000)	Exercised ('000)	Expired/ cancelled ('000)	Balance as at 30 June 2022 ('000)	Exercise price $	Exercise period
RE ESOS Scheme						
14 September 2018	1,010	-	(25)	985	0.148	14 September 2019 to 13 September 2028
14 September 2018	1,010	-	(25)	985	0.148	14 September 2020 to 13 September 2028
	2,020	-	(50)	1,970		

5. Share options and performance shares (Continued)

5.1 Share options (Continued)

(c) Share options pursuant to the RE ESOS Scheme (the "Schemes")

Aggregate options granted to Directors and controlling shareholders of the Company under the Schemes since their commencement, adjusted for share consolidation in financial year 2011, are as follows:

	Options granted during the financial year ended 30 June 2022 ('000)	Aggregate options granted since the commencement of the Schemes to 30 June 2022 ('000)	Aggregate options exercised/ cancelled since the commencement of the Schemes to 30 June 2022 ('000)	Aggregate options outstanding as at 30 June 2022 ('000)
Chew Hua Seng	-	1,500	(1,500)	-
Doris Chung Gim Lian*	-	300	(300)	-
	-	1,800	(1,800)	-

*Ms Doris Chung Gim Lian is the spouse of Mr Chew Hua Seng.

5. **Share options and performance shares** (Continued)

5.1 Share options (Continued)

(d) During the financial year, no options were granted at a discount to market price.

(e) During the financial year, no participant received 5% or more of the total number of options, available under the Schemes.

(f) There were no options granted to participants who are controlling shareholders of the Company and their associates except for options granted to Chew Hua Seng and Doris Chung Gim Lian, as disclosed above.

(g) These options do not entitle the holder to participate by virtue of the options, in any share issue of any other corporations.

Save as disclosed above, there were no unissued shares of the Company or its subsidiary corporations under options as at the end of the financial year.

5.2 Performance Share Plan

(a) The Company had, by way of a shareholders' approval at the Annual General Meeting held on 30 October 2021, adopted the "Raffles Education Corporation Performance Share Plan (Year 2021)" (the "RE PSP").

The RE PSP are administered by the Remuneration Committee whose current members are:

Lim How Teck (Chairman)
Joseph He Jun
Lim Siew Mun

A member of the Remuneration Committee who is also a Participant of the RE PSP must not be involved in its deliberations in respect of options granted or to be granted to him or held by him.

Statutory and other information regarding the RE PSP are set out below:

(i) The participants in the RE PSP extends to among others, executive and non-executive directors of any member of the Group and confirmed full-time employees of any member of the Group, and this includes the non-executive Directors (including independent Directors). Controlling Shareholders of the Company and/or their Associates (each as defined in the RE PSP) are not eligible to participate in the RE PSP.

(ii) The Participants are not required to pay for the grant of awards.

(iii) Participant has a right to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, provided that certain performance conditions or other conditions are met and upon the expiry of the vesting periods.

5. Share options and performance shares (Continued)

5.2 Performance Share Plan (Continued)

(iv) Awards can be exercised within 3 years and one-third of the awards granted can be exercised each year.

(v) Awards granted will lapse when participant ceases to be an executive director, non-executive director or full-time employee with the Group, subject to certain exceptions at the discretion of the Company.

(vi) The aggregate number of shares over which awards may be granted on any date, when added to the number of shares issued and issuable in respect of all share-based incentive schemes under the RE PSP, shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company on the day preceding that date of grant.

(b) During the financial year, no grants of awards have been issued to any of the Directors.

(c) During the financial year, no participant awarded 5% or more of the total number of shares, available under the RE PSP.

(d) There were no awards granted to participants who are controlling shareholders of the Company and their associates.

6. Audit Committee

The members of the Audit Committee as at the end of the financial year and at the date of this statement are:

Lim How Teck (Chairman)
Ng Kwan Meng
Lim Siew Mun
Chua Chwee Koh

The Audit Committee performs the functions specified in Section 201B (5) of the Act. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditors;
- the audit plans and the overall scope of examination by the external auditor of the Group;
- the independence of the external auditor of the Company and the nature and extent of non-audit services provided by the external auditor;

6. Audit Committee (Continued)

- the assistance provided by the Company's officers to the external auditor; and
- the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2022, as well as the independent auditor's report on these financial statements thereon prior to submission to the Directors of the Company for adoption.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Chew Hua Seng
Director

Lim How Teck
Director

Singapore
30 September 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RAFFLES EDUCATION CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Raffles Education Corporation Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 67 to 157, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2022, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1 Impairment assessment of goodwill	
As at 30 June 2022, the Group's goodwill amounted to $110,088,000 which had been mainly allocated to three cash-generating-units ("CGUs") including China Education Limited, Wanbo Institute of Science & Technology and Raffles College of Higher Education Sdn. Bhd. In accordance with SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment annually or more frequently if there is any indication that the goodwill have been allocated to respective CGUs may be impaired. Management applied the value-in-use (discounted cash flow forecasts) method to determine the recoverable amount of respective CGUs. Any shortfall between the recoverable amount and the carrying amount of the CGUs would be recognised as impairment losses. We have determined the impairment assessment of goodwill allocated to respective CGUs to be a key audit matter as significant judgements and estimates are involved with regard to the key assumptions such as revenue growth rate and discount rate used in the discounted cash flow forecast prepared by management. Refer to Note 2.7(i), 3.2(i) and 10 of the accompanying financial statements.	Our procedures included amongst other, the following: • Evaluated the reasonableness of the key assumptions made by management in preparing the discounted cash flows by performing analytical procedures and comparing the revenue growth rates against historical performance and industry outlook; • Engaged our internal valuation specialist to evaluate the appropriateness of the value-in-use calculation model and reasonableness of the discount rates used by management against market data, as appropriate; • Performed sensitivity analysis around the key assumptions, including the revenue growth rate and discount rate used in cash flow forecast; and • Assessed the adequacy of the related disclosures in the financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
2 Valuation of investment properties	
As at 30 June 2022, the Group's investment properties amounted to $435,109,000 and represented 34% of the Group's total assets. The Group recorded fair value gain on investment properties of $11,621,000 during the financial year. The Group's investment properties are stated at fair value based on valuation performed by independent professional valuation specialists. The fair value of investment properties was derived using the direct comparison and income approach. Details of the valuation methodologies used are disclosed in Note 6 to the financial statements. The valuation process involves significant judgement in determining the appropriate valuation methodologies to be applied and these are underpinned by a number of key assumptions which included capitalisation rate, monthly rental rate and price per square metre. Changes to these key assumptions may have a significant impact to the valuation. We have determined the valuation of investment properties as a key audit matter due to the significance of the carrying amount and fair value gain to the financial statements as a whole, as well as the significant estimates and judgements associated with the valuation. Refer to Note 2.6, 3.2(ii) and 6 of the accompanying financial statements.	Our procedures included amongst other, the following: • Assessed the competency, capabilities and objectivity of the independent professional valuation specialists, including obtaining an understanding of the specialists' scope of work and the terms of engagement; • Read the valuation reports issued by the independent professional valuation specialists to understand and evaluate the appropriateness of the valuation methodologies used; • Assessed the reasonableness of the key assumptions made by comparing the price per square metre, monthly rental rate and capitalisation rate to market rates, rental agreements and market data, as appropriate; and • Assessed the adequacy of the related disclosures in the financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
3 Liquidity of the Group	
The Group's net current liabilities exceeded its current assets by $158.6 million for the financial year ended 30 June 2022. The Group's net cash generated from operating activities amounted to $16.8 million during the financial year and has cash and cash equivalents of $37.4 million as at 30 June 2022. Subsequent to the year end, the Group has received proceeds of $40.2 million from the issuance of bonds (Note 37). Management has assessed that there is no material uncertainty on the Group's ability to continue as a going concern based on the Group's cash flow forecast prepared by management up to 30 September 2023. Based on management's assessment, the Group has adequate liquidity to finance the working capital requirements of the Group and repay its liabilities as and when they fall due, considering the expected cash inflows from its operating activities, proceeds from the issuance of convertible bonds and continued support from its bankers, amongst others, as disclosed in Note 2.1 to the financial statements. We focused on this area as a key audit matter as significant judgements made by management in determining the availability of cash flows which will affect the Group's ability to continue as a going concern. Refer to Note 2.1, 12 and 37 of the accompanying financial statements.	Our audit procedures included, amongst others, the following: • Evaluated management's cash flow forecast prepared based on approved budget on the Group's ability to settle its obligations as and when they fall due; • Obtained and checked the Group's contracted and other financial obligation to loan agreements and other supporting documents, as appropriate; • Assessed the reasonableness of the key cash flow forecast assumptions by comparing the actual results to previously forecasted results and performed sensitivity analysis around the key assumptions made, including expected cashflow from operation and source of significant additional financing, as appropriate; • Obtained and reviewed the relevant agreements and other supporting documents in relation to the forecast including, the proposed issuance of convertible bonds and other financing arrangements; and • Assessed the adequacy of the related disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Kian Hui.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
30 September 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Property, plant and equipment	4	602,765	598,286	6	9
Right-of-use assets	5	2,306	4,541	-	-
Investment properties	6	435,109	433,873	-	-
Investments in subsidiaries	7	-	-	443,391	442,737
Investments in joint ventures	8	218	3,712	-	-
Investments in associates	9	3,710	6,079	-	-
Intangible assets	10	112,208	111,155	92	97
Deferred tax assets	17	946	1,381	-	-
Other receivables	11	4,739	4,068	44,653	35,987
Restricted bank balances	12	2,118	2,043	-	-
		1,164,119	1,165,138	488,142	478,830
Current assets					
Inventories		63	81	-	-
Trade and other receivables	11	52,590	106,879	267,457	216,531
Cash and bank balances	12	64,089	84,929	131	493
		116,742	191,889	267,588	217,024
Non-current assets held for sale	13	-	25,303	-	-
		116,742	217,192	267,588	217,024
Less:					
Current liabilities					
Trade and other payables	14	60,872	86,945	382,248	277,988
Course fees received in advance	21	25,820	13,756	-	-
Education facilities rental service received in advance		2,506	1,129	-	-
Income tax payables		18,889	10,486	51	51
Borrowings	15	166,376	299,197	908	35,738
Lease liabilities	16	861	2,112	-	-
		275,324	413,625	383,207	313,777
Net current liabilities		(158,582)	(196,433)	(115,619)	(96,753)
Less:					
Non-current liabilities					
Other payables	14	13,472	16,133	-	-
Borrowings	15	134,826	92,175	20,761	21,185
Lease liabilities	16	1,476	2,529	-	-
Deferred tax liabilities	17	70,540	74,351	-	-
		220,314	185,188	20,761	21,185
Net assets		785,223	783,517	351,762	360,892
Equity					
Share capital	18	554,337	554,337	554,337	554,337
Treasury shares	19	(39,683)	(39,683)	(39,683)	(39,683)
Accumulated profits/(losses) and other reserves	20	160,514	156,726	(162,892)	(153,762)
Equity attributable to equity holders of the Company		675,168	671,380	351,762	360,892
Non-controlling interests		110,055	112,137	-	-
Total equity		785,223	783,517	351,762	360,892

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Revenue	21	105,371	97,729
Interest income	22	231	1,336
Other operating income	23	48,707	36,020
Personnel expenses	24	(43,796)	(41,552)
Other operating expenses		(64,414)	(47,487)
Depreciation and amortisation expenses		(19,950)	(18,209)
(Loss allowance)/ reversal of loss allowance on trade receivables	11	(16)	2
Reversal of impairment of investments in associates	9	-	1,428
Fair value gain on investment properties, net	6	11,621	13,839
Finance costs	25	(19,679)	(17,915)
Share of results of joint ventures, net of tax		3,332	2,742
Share of results of associates, net of tax		980	1,946
Profit before income tax	26	22,387	29,879
Income tax expense	27	(14,616)	(13,215)
Profit after income tax		7,771	16,664
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Currency exchange differences arising on translating foreign operations		(6,065)	41,633
Total other comprehensive (loss)/income, net of tax		(6,065)	41,633
Total comprehensive income for the financial year		1,706	58,297
Attributable to:			
Equity holders of the Company		9,612	16,386
Non-controlling interests		(1,841)	278
Net profit for the financial year		7,771	16,664
Attributable to:			
Equity holders of the Company		3,788	53,559
Non-controlling interests		(2,082)	4,738
Total comprehensive income for the financial year		1,706	58,297
Earnings per share (cents)			
- Basic	28	0.70	1.19
- Diluted	28	0.70	1.19

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Share capital $'000	Treasury shares $'000	← Attributable to equity holders of the Company → Revaluation reserve $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Accumulated profits $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
Group										
Balance at 1 July 2021		554,337	(39,683)	8,304	13,865	2,642	131,915	671,380	112,137	783,517
Net profit for the year		-	-	-	-	-	9,612	9,612	(1,841)	7,771
Other comprehensive loss		-	-	-	(5,824)	-	-	(5,824)	(241)	(6,065)
Total comprehensive income for the year		-	-	-	(5,824)	-	9,612	3,788	(2,082)	1,706
Balance at 30 June 2022		554,337	(39,683)	8,304	8,041	2,642	141,527	675,168	110,055	785,223

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Attributable to equity holders of the Company								
	Note	Share capital $'000	Treasury shares $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Accumulated profits $'000	Total $'000	Non–controlling interests $'000	Total equity $'000
Group										
Balance at 1 July 2020		554,337	(39,683)	8,304	(23,308)	2,632	115,529	617,811	63,771	681,582
Net profit for the year		-	-	-	-	-	16,386	16,386	278	16,664
Other comprehensive income		-	-	-	37,173	-	-	37,173	4,460	41,633
Total comprehensive income for the year		-	-	-	37,173	-	16,386	53,559	4,738	58,297
Share-based payment	29	-	-	-	-	10	-	10	-	10
Acquisition of a subsidiary with non-controlling interest	7	-	-	-	-	-	-	-	43,628	43,628
Balance at 30 June 2021		554,337	(39,683)	8,304	13,865	2,642	131,915	671,380	112,137	783,517

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Share capital $'000	Treasury shares $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Company					
Balance at 1 July 2021	554,337	(39,683)	2,642	(156,404)	360,892
Total comprehensive loss	-	-	-	(9,130)	(9,130)
Balance at 30 June 2022	554,337	(39,683)	2,642	(165,534)	351,762
Balance at 1 July 2020	554,337	(39,683)	2,632	(129,547)	387,739
Total comprehensive loss	-	-	-	(26,857)	(26,857)
Share-based payment	-	-	10	-	10
Balance at 30 June 2021	554,337	(39,683)	2,642	(156,404)	360,892

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Operating activities			
Profit before income tax		22,387	29,879
Adjustments for:			
Depreciation for property, plant and equipment	4	18,115	16,269
Fair value gain on investment properties, net	6	(11,621)	(13,839)
Amortisation of right-of-use assets	5	1,502	1,595
Loss allowance / (Reversal of loss allowance) on trade receivables	11	16	(2)
Net bargain purchase on acquisition of a subsidiary	23	-	(3,257)
Reversal of impairment on investments in associates	9	-	(1,428)
Loss on disposal of investment properties	26	1,700	156
Amortisation of intangible assets	10	333	345
Bad trade receivables written off	26	162	479
Finance costs	25	19,679	17,915
Interest income	22	(231)	(1,336)
Gain on disposal of non-current assets held for sale	13,23	(36,866)	(28,427)
(Gain)/Loss on disposal of property, plant and equipment, net		(52)	31
Gain on lease modification	23	(306)	(124)
Property, plant and equipment written off	26	18	3
Write back of accrued capital expenditure	23	(34)	(1,632)
Share-based payment	24	-	10
Share of results of joint ventures		(3,332)	(2,742)
Share of results of associates		(980)	(1,946)
Unrealised foreign exchange (gain) / loss		(2,385)	11,782
Operating cash flows before movements in working capital		8,105	23,731
Inventories		18	15
Trade and other receivables		5,072	(2,282)
Course fees received in advance		12,066	513
Education facilities rental service received in advance		1,377	(325)
Trade and other payables		21,980	4,151
Cash generated from operations		48,618	25,803
Interest paid		(23,605)	(11,293)
Interest received		174	645
Income tax paid, net		(8,415)	(953)
Net cash generated from operating activities		16,772	14,202

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Investing activities			
Additions of intangible assets	10	(146)	(12)
Payments for property, plant and equipment	A	(32,454)	(27,246)
Additions of investment properties	B	(889)	(1,732)
Acquisition of subsidiary	7	-	(50,085)
Proceeds from disposal of subsidiary		42,239	4,073
Proceeds from disposal of non-current assets held for sale		46,075	44,050
Proceeds from disposal of property, plant and equipment		221	28
Proceeds from disposal of investment properties		1,557	585
Proceeds from disposal of right-of-use assets		-	6
Return of capital from an associate	9	3,279	1,187
Net cash generated from/(used in) investing activities		59,882	(29,146)
Financing activities			
Decrease/(increase) in bank balances pledged and restricted cash, net		28,941	(25,169)
(Repayment of loan to)/loan from a director, net	14, C	(7,868)	4,887
Drawdown of bank borrowings	C	11,226	73,454
Repayment of bank borrowings	C	(99,631)	(15,168)
Repayment of principal portion of lease liabilities	16	(1,272)	(1,474)
Repayment of interest portion of lease liabilities	16	(154)	(256)
Net cash (used in)/generated from financing activities		(68,758)	36,274
Net change in cash and cash equivalents		7,896	21,330
Cash and cash equivalents at beginning of financial year		29,527	8,197
Cash and cash equivalents at end of financial year	12	37,423	29,527

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Note A			
Additions of property, plant and equipment	4	27,432	20,769
Decrease in other payables in relation to property, plant and equipment		9,723	1,938
(Decrease)/increase in advance payment for construction		(4,701)	4,539
Payments for property, plant and equipment per consolidated statement of cash flows		32,454	27,246
Note B			
Additions to investment properties (CIP)	6	889	1,066
Increase in deposits in relation to investment properties		-	666
Additions of investment properties per consolidated statement of cash flows		889	1,732

Note C: Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	2021 $'000	Cash flows $'000	Foreign currency realignment $'000	Amortisation of transaction costs $'000	Accrued loan interest $'000	2022 $'000
Borrowings (Note 15)	391,372	(88,405)	(3,967)	-	2,202	301,202

			Non-cash changes			
	2020 $'000	Cash flows $'000	Foreign currency realignment $'000	Amortisation of transaction costs $'000	Accrued loan interest $'000	2021 $'000
Borrowings (Note 15)	334,666	58,286	(1,691)	111	-	391,372

Amount due to director consist of net cash flows arising from loan from director and repayment of loan to director of $7.868 million (FY2021: $4.887 million) and net non-cash changes in relation to foreign currency realignment and accrual of $1.488 million (FY2021: $0.196 million).

The accompanying notes form an integral part of these financial statements.

1. General corporate information

Raffles Education Corporation Limited (the "Company") is incorporated and domiciled in the Republic of Singapore (Registration Number: 199400712N), and its registered office and principal place of business at 51 Merchant Road, Raffles Education Square, Singapore 058283. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of an investment holding and provision of business and management consultancy services.

The principal activities of significant subsidiaries are set out in Note 7 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associates and joint ventures.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity within the Group are measured and presented in the currency of primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated unless otherwise stated.

Going concern

As at 30 June 2022, the Group's and the Company's current liabilities exceeded its current assets by $158.6 million and $115.6 million respectively. The Group's net cash generated from operating activities amounted to $16.8 million during the financial year and has cash and cash equivalents of $37.4 million as at 30 June 2022.

Subsequent to the financial year end, the Group has received proceeds of $40.2 million from the issuance of bonds (Note 37).

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Going concern (Continued)

The Directors have assessed that there is no material uncertainty as to the Group's and Company's ability to continue as a going concern based on the following factors:

(i) Positive cash flow generation from its operations based on the cash flow forecast that covers a period of at least 15 months from 30 June 2022;

(ii) Collection of remaining balance receivables of RMB 74 million (approx. $15.4 million) arising from the disposal of Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd ("LDZ Sino-Singapore Education Investment");

(iii) The Group's ability to realise certain of its assets through sale/lease of its properties;

(iv) The Group is confident that its lenders will continue to give support to the Group and UOB's mortgage loan on the Property is only due for re-financing in May 2023;

(v) The Group's ability to refinance its existing borrowings when necessary with other banks; and

(vi) The Company has the ability to tap funds from its shareholders and the capital markets.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 July 2021

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by Accounting Standards Council Singapore ("ASC") that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

2. Significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

<u>Non-controlling interests</u>

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2. Significant accounting policies (Continued)

2.3 Business combination

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

2.4 Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. The Group classifies its interests in joint arrangements as either:- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or - Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

2. Significant accounting policies (Continued)

2.4 Associates and joint ventures (Continued)

Associates and joint ventures are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate or a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate or joint venture.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates or joint ventures and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate or a joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate or joint venture.

Where the Group transacts with an associate or a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

2.5 Property, plant and equipment

Property, plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

2. Significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

Depreciation on other items of property, plant and equipment is calculated and recognised in profit or loss using the straight-line basis to allocate their depreciable amounts over their estimated useful lives.

	Useful lives
Leasehold land, buildings and improvements[#]	3 - 50 years
Plant and equipment	10 years
Furniture, fittings and equipment	7 - 10 years
Computer equipment	4 - 5 years
Motor vehicle	10 years

[#] Majority of the leasehold land and buildings are depreciated over 20 - 50 years.

Construction in-progress represents buildings under construction, which is stated at cost less impairment if any. Cost comprises the direct costs incurred during the period of construction, installation and testing. Construction in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use. No depreciation is provided on construction in-progress. Depreciation commences when the asset is ready for its intended use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The assets' residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gain or loss on disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and its carrying amount and is recognised in profit or loss.

2.6 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation and are not occupied by the Group, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

2. Significant accounting policies (Continued)

2.6 Investment properties (Continued)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

On disposal of an investment property, the difference between the net disposal proceeds and carrying amount is recognised in profit or loss.

2.7 Intangible assets

An intangible asset that is acquired separately is capitalised at cost. Intangible asset from a business acquisition is capitalised at fair value at date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss.

(i) Goodwill on acquisitions

Goodwill arising on the acquisition of a subsidiary or business represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill on subsidiary is recognised separately as intangible assets. Goodwill is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(ii) Trademarks and licenses

Trademarks and licenses with definite useful lives are stated at cost less accumulated amortisation and accumulated impairment loss. They are assessed for impairment annually or whenever there are indications of impairment. The useful lives are reviewed on an annual basis, and amortised using the straight-line method from the date on which they are available for use, over the estimated useful lives of up to 10 years.

2. Significant accounting policies (Continued)

2.7 Intangible assets (Continued)

(iii) Development costs

Expenditures on development activities, being the application of technical findings and/or other knowledge to a plan or design for the production of new or substantially improved products or services before commercial production or use, is capitalised if the products or services are technically and commercially feasible; adequate resources available to complete development and sufficient certainty of future economic benefits to the Group will cover not only the usual operation and administrative costs but also the development costs themselves.

Expenditure capitalised comprises all directly attributable costs, including materials, services and appropriate proportion of overhead costs. Other development expenditure is recognised in profit or loss as expense when incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and assessed for impairment whenever there is an indication of impairment. Amortisation is calculated using the straight-line method to allocate cost over the expected period of benefits, varying between useful lives of 3 to 7 years.

(iv) Computer software

Computer software is initially capitalised at costs which include purchase price and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Maintenance costs are recognised as an expense when incurred.

Computer software under development represents software under development, which is stated at cost. Cost comprises the direct costs incurred during the period of development, installation and testing. Computer software under development is reclassified to the appropriate category of intangible assets when completed and ready for use. No amortisation is provided on computer software under development. Amortisation commences when the asset is ready for its intended use.

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment loss. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 7 years.

2. Significant accounting policies (Continued)

2.8 Leases

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

2. Significant accounting policies (Continued)

2.8 Leases (Continued)

As lessee (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated amortisation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis on the following bases:

Leased premises	1 - 6 years
Office equipment	3 - 5 years
Motor vehicle	10 years

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.9 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

2. Significant accounting policies (Continued)

2.8 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

As lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

Rental income from operating leases (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term. Assets subject to operating leases are included in investment properties and are stated at fair values and not depreciated.

2.9 Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2. Significant accounting policies (Continued)

2.9 Impairment of non-financial assets excluding goodwill (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Inventories

Inventories comprising mainly teaching materials are measured at the lower of cost (first-in first-out method) and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.11 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

2. Significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it had previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments, value added tax and tax recoverable) and cash and bank balances in the statements of financial position. The Company's financial assets measured at amortised cost comprise other receivables (excluding prepayments) and cash and bank balances.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

2. Significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial assets (Continued)

Credit-impaired financial assets (Continued)

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

2. Significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Classification as debt or equity (Continued)

Equity instruments (Continued)

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial guarantee contracts. The accounting policies adopted for financial liabilities are set out below.

(i) Trade and other payables

Trade and other payables (excluding accruals for property and land use tax, business taxes and advance receipt) are initially recorded at the fair value, net of transaction cost, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

(ii) Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.17).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of reporting period, in which case they are presented as non-current liabilities.

2. Significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Classification as debt or equity (Continued)

Financial liabilities (Continued)

(iii) Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and consideration paid is recognised in profit or loss.

Offsetting financial instruments

Both financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset them and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.12 Cash and bank balances

Cash and bank balances compromise cash on hand and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values. For the purposes of the consolidated statement of cash flows, cash and cash equivalents exclude any pledged deposits and restricted bank balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. Significant accounting policies (Continued)

2.13 Revenue recognition

Revenue from contracts with customers

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes).

Course fees and related instruction costs are recognised over time and over the period of instruction. Amounts of fees received relating to future periods of instruction are presented as course fees received in advance.

Student accommodation fees is recognised on a straight-line basis over the term of use.

Revenue from provision of canteen operations is recognised as and when such services are rendered.

Other income

The Group, as a lessor, leases its investment properties under operating leases to non-related parties. Lease payments from operating leases are recognised as income on a straight-line basis (Note 2.8).

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, on an effective yield basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established.

2.14 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to asset are deducted against the carrying amount of the asset.

Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "Other income".

2. Significant accounting policies (Continued)

2.15 Income tax expense

Income tax expense represents the sum of current and deferred taxes.

Current income tax

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior periods shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and interpretation to applicable tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period. Management evaluates its income tax provisions on periodical basis.

Current income tax expenses are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of asset and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

2. Significant accounting policies (Continued)

2.15 Income tax expense (Continued)

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.16 Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense in the period in which the related service is performed. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and has no legal and constructive obligation to pay further once the payments are made.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

Share-based payments

The Company operates the following equity-settled share-based payment plan:

Share option plan

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share-based payments reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. In the valuation process, no account is taken of any performance conditions except of conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

2. Significant accounting policies (Continued)

2.16 Employee benefits (Continued)

Share-based payments (Continued)

Share option plan (Continued)

The expense recognised in profit or loss during each financial year reflects the manner in which the benefits will accrue to employees under the options plan over the vesting period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the options are exercised and new ordinary shares are issued, the proceeds received (net of any attributable transaction costs) and the corresponding amount of share option reserve are credited to share capital, or to the treasury shares account, when treasury shares are reissued to employees.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payments arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Profit sharing and bonus plans

The Group recognised a liability and an expense for the expected cost of profit-sharing and bonuses when and only when it is contractually obligated to pay and when there is a past practice that has created a constructive obligation to pay which the Group has no realistic alternative but to make the payments.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2. Significant accounting policies (Continued)

2.18 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders. Dividends proposed or declared after the end of the reporting period are not recognised as a liability at the end of the reporting period.

2. Significant accounting policies (Continued)

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses relating to transactions with the Group's other components. All operating segments' operating results are reviewed by the Group's Chief Executive Officer to make decisions about resources allocation to the segment and assess its performance, and for which discrete financial information is available.

2.21 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have the significant effect on the amounts recognised in the consolidated financial statements.

(i) Classification between investment properties and property, plant and equipment

In accordance with SFRS(I) 1-40 *Investment Property*, the Group has established certain criteria in making judgement on whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rentals or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property. In addition, depending on the Group's latest corporate strategies, from time to time, the management may change the usage of its landed properties between property, plant and equipment and investment properties. The details of the Group's investment properties and property, plant and equipment are set out in Note 6 and Note 4 to the financial statements respectively.

(ii) Evaluation of levels of control and influence

The Group and the Company carry on parts of its business activities through subsidiaries, associates or joint ventures. In those circumstances, the Group and the Company have the ability to affect the significant financial and operating policies of the investees through the presence of control, significant influence or joint control. The definition of control, significant influence and joint control is defined in Note 2.2 and Note 2.4 to the financial statements respectively. The determination of the level of influence the Group and the Company have over a business is often a mix of contractually defined and subjective factors that can be critical to the appropriate accounting treatment of investees in the Group's and the Company's financial statements. The management exercises significant judgement in analysing and evaluating relevant, subjective, diverse and sometimes contrasting qualitative and quantitative facts and circumstances surrounding its involvement in the investees, in determining whether the Group and the Company have control, significant influence or joint control over the investees. There are instances, where elements are present that, when considered in isolation, indicate control or lack of control over an investee, but when considered together makes it difficult to reach a clear conclusion. In certain circumstances, despite the lack of the required legal equity ownership, there could exist a parent-subsidiary relationship, an investor-associate relationship or a joint-investor relationship between the Group and the Company with these investees. Such evaluation and assessment processes do take into consideration to account for transactions and events in accordance with their substance and economic reality, and not merely their legal forms.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount based on the higher of fair value less costs of disposal or value-in-use of certain CGU to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 30 June 2022 was approximately $110,088,000 (2021: $110,485,000). The details of the impairment assessment and key assumptions used are set out in Note 10 to the financial statements.

(ii) Valuation of investment properties

The accounting policy relating to investment properties are described in Note 2.6 to the financial statements. In applying this policy, judgement made in the context of valuation of investment properties can materially impact the Group's financial position and performance. Accordingly, the Group engaged independent professional valuation specialists who used recognised valuation techniques, subjective assumptions and estimates such as future cash flows from these assets to determine the fair values of the investment properties. These estimates are based on local market conditions existing at the reporting date. In arriving at their estimates of market values, the independent professional valuation specialists used their market knowledge and professional judgement and did not rely solely on historical transaction comparables. The carrying amount of investment properties as at 30 June 2022 was approximately $435,109,000 (2021: $433,873,000). The details of valuation of the Group's investment properties are set out in Note 6 to the financial statements.

(iii) Impairment of investments in subsidiaries, associates and joint ventures

Management follows the guidance of SFRS(I) 1-36 *Impairment of Assets*, in determining whether investments in subsidiaries, associates and joint ventures are impaired. When an indicator of impairment is present, a formal estimate of recoverable amount is required to be made by management. This requires assumptions to be made regarding the duration and extent to which the recoverable amount of an investment is less than its costs, the financial health, and near-term business outlook of the investments including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries, associates and joint ventures (Continued)

Management's assessment for impairment of investments in subsidiaries, associates and joint ventures are based on the estimation of value-in-use of the CGU by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate to calculate the present value of those cash flows or fair value less cost of disposal. As at 30 June 2022, the Group's carrying amount of investments in joint ventures and associates as at 30 June 2022 were approximately $218,000 and $3,710,000 (2021: $3,712,000 and $6,079,000) respectively and the Company's investment in subsidiaries is $443,391,000 (2021: $442,737,000).

(iv) Income tax position

The Group and the Company have exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the provisions for income taxes on a group basis.

Some of the Group's People's Republic of China ("PRC") subsidiaries did not recognise any income tax liabilities on its education-related income. Management is of the opinion such education-related income is tax exempted according to the tax practices in PRC and their experience as education operators in PRC. Further, there are no specific tax implementation measures applicable for such income in PRC yet and tax liabilities cannot be reliably quantified as at year end.

The Company has exposure to income taxes in Singapore and PRC of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain as at reporting date.

The Group and the Company recognised liabilities for expected tax issues based on estimates of additional liable taxes. Where the final tax outcome of these matters is different from the tax position by the Group and the Company, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made.

The carrying amounts of the Group's income tax payable, deferred tax assets and liabilities as at 30 June 2022 are $18,889,000 (2021: $10,486,000), $946,000 (2021: $1,381,000) and $70,540,000 (2021: $74,351,000) respectively. As at 30 June 2022, the Company's income tax payable is $51,000 (2021: $51,000).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(v) Expected credit loss for trade and other receivables

Management establishes the loss allowance for receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised the trade debtors based on their historical loss pattern, historical payment profile and adjusted for the current condition and forecast of future economic conditions that may affect the ability of the customers to settle the trade receivables at the reporting date. For non-trade debtors, management considers the performance, financial capability as well as payment profile of these non-trade debtors in order to determine the appropriate stage of expected credit loss for these debtors. Probability or risk of default is then being estimated by considering the future conditions. Additionally, management also evaluates expected credit loss for customer in financial difficulties separately (credit-impaired).

The carrying amounts of trade and other receivables of the Group and the Company as at 30 June 2022 are $57,329,000 and $312,110,000 (2021: $110,947,000 and $252,518,000) respectively. The details of the Group's assessment of the credit risks are set out in Note 11 to the financial statements.

4. Property, plant and equipment

	Freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Computer equipment $'000	Motor vehicle $'000	Construction in-progress $'000	Total $'000
Group								
2022								
Cost								
Balance at 1 July 2021	65,110	554,716	5,607	20,551	12,842	1,557	28,602	688,985
Additions	-	6,795	117	2,489	731	-	17,300	27,432
Disposals	-	(340)	(24)	(1,277)	(888)	(81)	-	(2,610)
Written off	-	-	-	(31)	(216)	-	-	(247)
Reclassifications	-	39,233	-	(75)	-	-	(39,158)	-
Foreign currency realignment	(3,074)	(1,218)	(19)	(329)	(180)	(13)	144	(4,689)
Balance at 30 June 2022	62,036	599,186	5,681	21,328	12,289	1,463	6,888	708,871
Accumulated depreciation and impairment losses								
Balance at 1 July 2021	-	60,142	4,432	13,900	11,180	1,045	-	90,699
Depreciation charged	-	15,116	285	1,596	1,002	116	-	18,115
Disposals	-	(186)	(11)	(1,276)	(887)	(81)	-	(2,441)
Written off	-	-	-	(13)	(216)	-	-	(229)
Foreign currency realignment	-	336	(18)	(177)	(169)	(10)	-	(38)
Balance at 30 June 2022	-	75,408	4,688	14,030	10,910	1,070	-	106,106
Carrying amounts								
Balance at 30 June 2022	62,036	523,778	993	7,298	1,379	393	6,888	602,765

4. **Property, plant and equipment** (Continued)

	Freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Computer equipment $'000	Motor vehicle $'000	Construction in-progress $'000	Total $'000
Group								
2021								
Cost								
Balance at 1 July 2020	66,436	439,463	5,141	19,689	12,450	1,584	9,140	553,903
Additions	-	760	210	630	242	72	18,855	20,769
Acquisition of subsidiary (Note 7)	-	151,004	-	-	-	-	-	151,004
Disposals	-	(4,158)	(45)	(121)	(44)	(168)	-	(4,536)
Written off	-	-	-	(7)	(41)	-	-	(48)
Reclassification to non-current assets held for sale (Note 13)	-	(43,617)	-	-	-	-	-	(43,617)
Foreign currency realignment	(1,326)	11,264	301	360	235	69	607	11,510
Balance at 30 June 2021	65,110	554,716	5,607	20,551	12,842	1,557	28,602	688,985
Accumulated depreciation and impairment losses								
Balance at 1 July 2020	-	63,974	3,946	12,124	10,001	1,028	-	91,073
Depreciation charged	-	13,159	270	1,606	1,113	121	-	16,269
Disposals	-	(356)	(16)	(105)	(44)	(153)	-	(674)
Written off	-	-	-	(6)	(39)	-	-	(45)
Reclassification to non-current assets held for sale (Note 13)	-	(18,314)	-	-	-	-	-	(18,314)
Foreign currency realignment	-	1,679	232	281	149	49	-	2,390
Balance at 30 June 2021	-	60,142	4,432	13,900	11,180	1,045	-	90,699
Carrying amounts								
Balance at 30 June 2021	65,110	494,574	1,175	6,651	1,662	512	28,602	598,286

4. Property, plant and equipment (Continued)

	Computer equipment $'000
Company	
Cost	
Balance at 1 July 2021	13
Additions	-
Balance at 30 June 2022	13
Accumulated depreciation	
Balance at 1 July 2021	4
Depreciation	3
Balance at 30 June 2022	7
Carrying amount	
Balance at 30 June 2022	6
Cost	
Balance at 1 July 2020	11
Additions	2
Balance at 30 June 2021	13
Accumulated depreciation	
Balance at 1 July 2020	1
Depreciation	3
Balance at 30 June 2021	4
Carrying amount	
Balance at 30 June 2021	9

Certain leasehold land, buildings and improvements consist of certain land use rights.

Certain freehold land and leasehold land, buildings and improvements with carrying value of $244.2 million (2021: $252.3 million) were mortgaged to secure borrowings as referred to in Note 15 to the financial statements.

5. Right-of-use assets

	Leased premises $'000	Office equipment $'000	Motor vehicle $'000	Total $'000
Group				
Cost				
Balance at 1 July 2021	6,604	450	672	7,726
Additions	99	27	-	126
Lease modification	(3,007)	(9)	-	(3,016)
Foreign currency realignment	(3)	(5)	(16)	(24)
Balance at 30 June 2022	3,693	463	656	4,812
Accumulated amortisation				
Balance at 1 July 2021	2,760	189	236	3,185
Amortisation charged	1,320	116	66	1,502
Lease modification	(2,148)	(12)	-	(2,160)
Foreign currency realignment	(12)	(3)	(6)	(21)
Balance at 30 June 2022	1,920	290	296	2,506
Carrying amounts				
Balance at 30 June 2022	1,773	173	360	2,306
Cost				
Balance at 1 July 2020	6,326	417	683	7,426
Additions	2,538	49	-	2,587
Disposals	-	-	(8)	(8)
Lease modification	(2,372)	(7)	-	(2,379)
Foreign currency realignment	112	(9)	(3)	100
Balance at 30 June 2021	6,604	450	672	7,726
Accumulated amortisation				
Balance at 1 July 2020	1,898	65	171	2,134
Amortisation charged	1,416	111	68	1,595
Disposals	-	-	(2)	(2)
Lease modification	(570)	(7)	-	(577)
Foreign currency realignment	16	20	(1)	35
Balance at 30 June 2021	2,760	189	236	3,185
Carrying amounts				
Balance at 30 June 2021	3,844	261	436	4,541

Restrictions

Included in the above, motor vehicles and office equipment with a carrying amount of $392,220 (2021: $572,680) is secured by the lease liabilities of $265,586 (2021: $405,642) (Note 16) as at 30 June 2022. The motor vehicles and office equipment will be returned to lessor in the event of default by the Group.

6. Investment properties

	Group 2022 $'000	Group 2021 $'000
Balance at beginning of financial year	433,873	405,407
Additions	889	1,066
Fair value gain recognised in profit or loss, net	11,621	13,839
Disposal of investment properties	(3,257)	(741)
Foreign currency realignment	(8,017)	14,302
Balance at end of financial year	435,109	433,873

(a) As at 30 June 2022, the investment properties relate to land and properties of certain subsidiaries held by Oriental University City Limited ("OUCL"), Oriental University City Holdings (H.K.) Limited ("OUCHK") (collectively "OUC"), Trophy Land Global Limited ("TLG"), Raffles Iskandar Sdn. Bhd. ("RU"), Raffles K12 Sdn. Bhd. ("RK12"), Mandurah Resort Pty Ltd ("Mandurah"), Raffles College of Design and Business (Private) Limited ("RUSL"), Raffles Siviez 1750 Pte. Ltd. ("Siviez") and 4 Vallees Pte. Ltd. ("4Vallees"). OUC owns and leases out investment properties to colleges within its self-contained campus. The land under RU, Mandurah and RUSL are vacant as at 30 June 2022. RK12 has utilised part of the land for cafeteria and boarding facilities rental. Siviez owns a commercial building. 4Vallees owns a hotel and facilities ("Hotel") and seven commercial units ("commercial units"), of which four are rented out.

Rental income from the Group's investment properties which are leased out under operating leases, amounted to $11.5 million (2021: $13.5 million). Direct operating expenses arising from rental and non-rental generating investment properties amounted to $3.1 million and $2.7 million (2021: $3.6 million and $2.3 million) respectively.

(b) Investment properties are stated at fair value, determined based on professional valuation carried out by firms of independent professional valuation specialists holding recognised and relevant professional qualifications and recent experience in the locations and categories of the properties being valued. The valuation conforms to International Valuation Standards and is based on the assets' highest and best use, which is in line with actual use.

The valuations are mainly performed using Direct Comparison Approach and Income Approach.

Direct Comparison Approach makes reference to the comparable sales evidence in the relevant locality with adjustments made to reflect the differences in size, location, tenure, condition, prevailing market conditions and all other relevant factors affecting its use. The major inputs into the valuation model were the price per square metre and size of the properties.

Income Approach is based on capitalisation of net rental income derived from the existing tenancies with due allowances for revisionary income potential of the property or by reference to comparable market transactions. The major inputs into the valuation model were the rental rates and capitalisation rates.

6. Investment properties (Continued)

(b) (Continued)

For valuations performed by independent professional valuation specialist, the management reviews the appropriateness of the valuation methodologies and assumptions adopted including reliability of the inputs used in the valuations.

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair value of the investment properties is considered Level 3 recurring fair value measurements.

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Valuation techniques	**Key unobservable inputs**	**Range**	**Inter-relationship between key unobservable inputs and fair value measurement**
Income approach	Capitalisation rate	3.9% - 8.0% per annum (2021: 2.51% - 8.0% per annum)	Increase in capitalisation rate would result in lower fair value.
	Monthly rental rate	\$3.4 - \$71.4 per sqm (2021: \$2.9 - \$20.1 per sqm)	Increase in monthly rental rate would result in higher fair value.
Direct comparison approach	Price per square metre[1]	\$71.6 - \$1,073.1 per sqm (2021: \$94.3 - \$1,080.4 per sqm)	Increase in price per square metre would result in higher fair value.

(1) The yield adjustments are made for any difference in the nature, location or condition of the specific property.

6. Investment properties (Continued)

(c) As at 30 June 2022, $256 million (2021: $254 million) of the Group's investment properties are held under remaining leasehold interests between 27 to 32 years (2021: 28 to 33 years). The remaining investment properties are freehold.

(d) Certain investment properties with carrying values totalling $170.7 million (2021: $170.6 million) were mortgaged to secure borrowings as referred to in Note 15 to the financial statements.

(e) Investment properties of the Group are held mainly for leasing to tenants under operating leases.

7. Investments in subsidiaries

	Company	
	2022	**2021**
	$'000	**$'000**
Quoted equity shares, at cost	68,736	68,736
Unquoted equity shares, at cost	398,954	398,300
Less: Allowance for impairment losses	(24,299)	(24,299)
	443,391	442,737

Analysis of allowance for impairment losses on investments in subsidiaries during the financial year is as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
Balance at beginning of financial year	24,299	24,275
Allowance made during the financial year	-	24
Balance at end of financial year	24,299	24,299

As at each reporting date, the Company carried out a review of the recoverable amounts of the investment in subsidiaries, resulting in the recognition of impairment losses of approximately $24,000 for the financial year ended 30 June 2021, due to the financial performance and cessation of operations by these subsidiaries.

7. Investments in subsidiaries (Continued)

Details of the significant subsidiaries are as follows:

	Effective equity interest held by the Group		Country of incorporation/ principal place of business	Principal activities
	2022 %	2021 %		
Subsidiaries				
Wanbo Institute of Science & Technology[(a)]	100	100	The People's Republic of China	Provision of vocational and technical training
Tianjin University of Commerce Boustead College[(a)]	100	100	The People's Republic of China	Provider of education services
Raffles College of Higher Education Sdn. Bhd.[(a)] ("RKL")	70	70	Malaysia	Provision of training programmes and courses in various areas of design and management
Raffles K12 Sdn. Bhd.[(a)]	100	100	Malaysia	Operating an American system school
Raffles College of Higher Education Pte. Ltd.	100	100	Singapore	Provider of education services
Langfang Tonghui Education Consulting Co., Ltd[(a)]	99	99	The People's Republic of China	Provider of education consulting and development services
Oriental University City Holdings (H.K.) Limited ("OUCHK") and its subsidiaries ("OUCHK Group")[(a)]	75*	75*	The People's Republic of China	Provider of education supporting services

7. Investments in subsidiaries (Continued)

Details of the significant subsidiaries are as follows: (Continued)

	Effective equity interest held by the Group 2022 %	Effective equity interest held by the Group 2021 %	Country of incorporation/ principal place of business	Principal activities
Subsidiaries (Continued)				
Langfang Hezhong Real Estate Development Co., Ltd[(a)]	70	70	The People's Republic of China	Property investment
4 Vallees Pte. Ltd.	94	94	Singapore	Property investment
Raffles Assets (Singapore) Pte. Ltd.	100	100	Singapore	Property investment
Educomp-Raffles Higher Education Limited ("ERHEL")[(b)]	99	99	India	Provision of training programmes and courses in various areas of design and management

Notes on significant subsidiaries:

All the subsidiaries above are audited by BDO LLP, Singapore except for the following:

(a) Audited by overseas member firms of BDO
(b) Audited by BDO LLP, Singapore for consolidation purposes.

In appointing the auditors of the Company and the subsidiaries, the Group has complied with Rule 712 and Rule 716 of the SGX-ST Listing Rules.

* OUCHK is listed on the Growth Enterprise Market ("GEM") of the Hong Kong Stock Exchange. Significant subsidiary within OUCHK Group includes Langfang Development Zone Oriental University City Education Consultancy Co., Ltd, whose principal activities being provision of education facilities rental services in the People's Republic of China.

7. Investments in subsidiaries (Continued)

Acquisition of subsidiary in FY2021

On 30 September 2020, the Group acquired the further 35.9% equity interest in Langfang Hezhong Real Estate Development Co., Ltd. ("Hezhong"), bringing the total shareholding in Hezhong to 70%. As a result, Hezhong, which was previously an associate of the Group became a subsidiary. The Group has acquired Hezhong to create revenue streams complimentary to the Group's businesses.

	At 30 Sep 2020 $'000
Purchase consideration	
Cash paid	50,085
Cash payable	1,238
Total consideration	51,323
Assets and liabilities at date of acquisition:	
Property, plant and equipment	151,004
Other payables	(3,391)
Deferred tax liabilities	(2,156)
Net identifiable assets at fair value	145,457
Less:	
Non-controlling Interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of Hezhong	(43,628)
Pre-existing interest in Hezhong (Note 9)	(47,249)
Remeasurement of investment in associate	(2,342)
Bargain purchase on acquisition of subsidiary	(915)
Net bargain purchase on acquisition of subsidiary (Note 23)	(3,257)
Consideration transferred for the business	51,323

7. Investments in subsidiaries (Continued)

Non-controlling interests

The following subsidiaries of the Group have material non-controlling interests ("NCI"):

	Effective equity interest held by the NCI		Country of incorporation/ principal place of business
	2022	**2021**	
	%	**%**	
Subsidiaries			
Oriental University City Holdings (H.K.) Limited and its subsidiaries ("OUCHK Group")	25	25	The People's Republic of China
Langfang Hezhong Real Estate Development Co., Ltd ("Hezhong")	30	30	The People's Republic of China

Summarised financial information in relation to the subsidiaries that have non-controlling interests ("NCI") that are material to the Group, before inter-company eliminations together with amounts attributed to NCI, is presented below:

	OUCHK Group		Hezhong	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	11,425	13,394	-	-
Profit/(loss) before income tax	4,701	11,771	(5,165)	(3,833)
Income tax expense	(4,293)	(4,765)	111	(82)
Profit/(loss) after income tax	408	7,006	(5,054)	(3,915)
Profit/(loss) allocated to NCI	102	1,751	(1,516)	(1,174)
Other comprehensive income allocated to NCI	(38)	3,181	(103)	1,337
Total comprehensive income allocated to NCI	64	4,932	(1,619)	163
Cash flows from operating activities	6,922	4,166	-	-
Cash flows from/(used in) investing activities	1,756	(619)	-	-
Cash flows (used in)/from financing activities	(13,607)	1,737	-	-
Net cash (outflows) / inflow	(4,929)	5,284	-	-

7. Investments in subsidiaries (Continued)

Non-controlling interests (Continued)

	OUCHK Group		Hezhong	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Assets:				
Current assets	5,421	10,760	-	-
Non-current assets	330,905	329,899	146,924	152,104
Liabilities:				
Current liabilities	(12,721)	(15,985)	(4,129)	(3,964)
Non-current liabilities	(77,532)	(78,882)	(2,223)	(2,171)
Net assets	246,073	245,792	140,572	145,969
Accumulated non-controlling interests	61,518	61,454	42,172	43,791

8. Investments in joint ventures

	Group	
	2022	2021
	$'000	$'000
Unquoted equity shares, at cost	10,755	10,755
Share of post-acquisition reserves of joint ventures	(10,537)	(7,043)
	218	3,712

Details of the joint ventures are as follows:

	Effective equity interest held by the Group		Country of incorporation/ principal place of business	Principal activities
	2022	2021		
	%	%		
Joint ventures				
Value Vantage Pte. Ltd. ("VVPL")[(a)]	50	50	Singapore	Investment holding
Raffles Education Middle East Training Co. Ltd[(b)]	50	50	Saudi Arabia	Provision of education services and training programmes

Notes on joint ventures:

(a) Audited by BDO LLP, Singapore

(b) Based on management's assessment and judgement, the financial information of the insignificant joint venture is immaterial for disclosures.

8. Investments in joint ventures (Continued)

Summarised financial information of the Group's significant joint venture is presented below:

	VVPL	
	2022	**2021**
	$'000	**$'000**
Current assets[1]	274	131
Non-current assets	162	13,555
Current liabilities	-	(16)
Non-current liabilities[2]	-	(6,246)
Net assets	436	7,424
Included in the above amounts are:		
[1] Cash and cash equivalents	113	131
[2] Non-current financial liabilities (excluding trade and other payables and provisions)	-	(6,246)
Dividend received from joint venture	6,825	-

Dividend received during the financial year was offset against a receivable due from the joint venture.

Other operating income	6,424	6,300
Profit after tax, representing total comprehensive income	6,663	5,484

The information above reflects the amounts presented in the financial statements of the joint ventures and not the Group's share of those amounts, adjusted for fair value adjustments made at the time of acquisition and differences in accounting policies between the Group and the joint ventures.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in significant joint venture, is as follows:

	VVPL	
	2022	**2021**
	$'000	**$'000**
Net assets	436	7,424
Proportion of Group's interest	50%	50%
Group's share of net assets	218	3,712
Group's carrying amount of investment in joint ventures	218	3,712

The Group has not recognised losses relating to the joint venture where its share of losses exceeded the Group's carrying amount of its investment in the joint venture. The Group's cumulative share of unrecognised losses as at 30 June 2022 were $1.8 million (2021: $1.6 million) of which $247,000 (2021: $126,000) was the share of the current year losses. The Group has no obligation in respect of those losses.

9. Investments in associates

	Group 2022 $'000	Group 2021 $'000
Quoted equity shares, at cost	3,029	3,029
Unquoted equity shares, at cost	1,070	48,862
Share of post-acquisition results	4,628	3,146
Allowance for impairment losses	(551)	(522)
Return of capital	(4,466)	(1,187)
Deemed disposal of associate (Note 7)	-	(47,249)
	3,710	6,079

Analysis of allowance for impairment losses on investment in Axiom Properties Limited during the financial year is as follow:

	Group 2022 $'000	Group 2021 $'000
Balance at beginning of financial year	522	1,905
Reversal of Impairment loss	-	(1,428)
Foreign exchange translation difference	29	45
Balance at end of financial year	551	522

Details of associates are as follows:

	Effective equity interest held by the Group 2022 %	Effective equity interest held by the Group 2021 %	Country of incorporation/ principal place of business	Principal activities
Associates				
KHID Co., Ltd(b)(c)	50.0	50.0	Mongolia	Investment holding
Axiom Properties Limited ("Axiom")[(a)(d)]	14.3***	14.3***	Australia	Property development and investment

***This is computed by OUCHK's 19.01% ownership in Axiom further multiplied by REC Ltd's 75% ownership in OUCHK = arising to effective equity interest of 14.3% ownership in Axiom by REC Ltd.

9. Investments in associates (Continued)

Notes on associates:

(a) Audited by overseas member firm of BDO

(b) Audited by Confidence Audit LLC, Mongolia

(c) Based on management's assessment and judgement, the financial information of the insignificant associate is immaterial for disclosure.

(d) Although the Group's ownership interest in Axiom is less than 20%, the Group has the rights to appoint representative on the board of directors of Axiom. Management therefore considered that the Group has the power to exercise significant influence and accounted the investment in Axiom as an associate. On 14 December 2021, Axiom reduced its share capital by returning to each shareholder an amount equal to AU$0.040 (2021: AU$0.015) per share. As a result, the Group received total cumulative amount of $4,466,000 (2021: $1,187,000).

As at 30 June 2022, the fair value of the Group's investment in Axiom, which is listed on the Australian Securities Exchange, was $4,489,000 (2021: $5,490,000). The fair value measurement is classified within Level 1 of the fair value hierarchy.

As at 30 June 2021, the fair value less costs to sell of the corresponding interest in Axiom has been determined as higher than the carrying amount hence the management recognised a reversal of impairment loss of $1,428,000 in profit or loss for the financial year ended 30 June 2021. There are no contingent liabilities relating to the Group's interest in associates.

Summarised financial information of Axiom are as follows:

	Axiom	
	2022	**2021**
	$'000	**$'000**
Current assets	20,553	28,298
Non-current assets	792	13,044
Current liabilities	(3,003)	(10,446)
Non-current liabilities	(193)	(446)
Net assets	18,149	30,450
Revenue	1,225	1,149
Profit after tax	5,229	11,377
Other comprehensive income	(385)	(372)
Total comprehensive income	4,844	11,005

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for fair value adjustments made at the time of acquisition and differences in accounting policies between the Group and the associates.

9. Investments in associates (Continued)

	Axiom 2022 $'000	Axiom 2021 $'000
Net assets	18,149	30,450
Investment in associate (19.01%)	3,451	5,788
Goodwill	551	522
Less: Allowance for impairment losses	(551)	(522)
Carrying value	3,451	5,788
Add:		
Carrying value of individually immaterial associate	259	291
Carrying value of the Group's investments in associates	3,710	6,079

10. Intangible assets

	Goodwill on acquisitions $'000	Trademarks and licenses $'000	Development costs $'000	Computer software $'000	Total $'000
Group					
2022					
Cost					
Balance at 1 July 2021	110,485	576	3,123	115	114,299
Additions	-	1,930	14	4	1,948
Foreign currency realignment	(397)	(166)	(89)	(3)	(655)
Balance at 30 June 2022	110,088	2,340	3,048	116	115,592
Accumulated amortisation and impairment losses					
Balance at 1 July 2021	-	241	2,824	79	3,144
Amortisation	-	106	213	14	333
Foreign currency realignment	-	(8)	(82)	(3)	(93)
Balance at 30 June 2022	-	339	2,955	90	3,384
Carrying amounts					
As at 30 June 2022	110,088	2,001	93	26	112,208

10. Intangible assets (Continued)

	Goodwill on acquisitions $'000	Trademarks and licenses $'000	Development costs $'000	Computer software $'000	Total $'000
Group					
2021					
Cost					
Balance at 1 July 2020	104,653	608	3,150	115	108,526
Additions	-	2	10	-	12
Written off	-	-	(30)	-	(30)
Foreign currency realignment	5,832	(34)	(7)	-	5,791
Balance at 30 June 2021	110,485	576	3,123	115	114,299
Accumulated amortisation and impairment losses					
Balance at 1 July 2020	-	223	2,553	66	2,842
Amortisation	-	21	310	14	345
Written off	-	-	(30)	-	(30)
Foreign currency realignment	-	(3)	(9)	(1)	(13)
Balance at 30 June 2021	-	241	2,824	79	3,144
Carrying amounts					
As at 30 June 2021	110,485	335	299	36	111,155

10. Intangible assets (Continued)

	Trademarks $'000	Computer software and computer software under development $'000	Total $'000
Company			
2022			
Cost			
Balance at 1 July 2021	228	48	276
Additions	-	3	3
Balance at 30 June 2022	228	51	279
Accumulated amortisation			
Balance at 1 July 2021	165	14	179
Amortisation	1	7	8
Balance at 30 June 2022	166	21	187
Carrying amounts			
As at 30 June 2022	62	30	92
2021			
Cost			
Balance at 1 July 2020	226	48	274
Additions	2	-	2
Balance at 30 June 2021	228	48	276
Accumulated amortisation			
Balance at 1 July 2020	161	7	168
Amortisation	4	7	11
Balance at 30 June 2021	165	14	179
Carrying amounts			
As at 30 June 2021	63	34	97

10. Intangible assets (Continued)

Goodwill on acquisition

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the CGUs which made up of the various subsidiaries are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
China Education Limited ("CEL")	98,418	98,703
Wanbo Institute of Science & Technology ("Wanbo")	8,074	8,097
Raffles College of Higher Education Sdn. Bhd. ("RKL")	3,580	3,669
Others	16	16
	110,088	110,485

The Group tested the CGUs annually for impairment or more frequently when there are indications that the CGUs might be impaired.

Impairment testing of goodwill

In current year, the Group determined the recoverable amounts of the CGUs based on the respective value-in-use by applying the discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by the management covering a period of up to five years, including terminal value. The key assumptions used in the value-in-use calculation were:

	CEL	**Wanbo**	**RKL**
Revenue growth rate	7.7%	(4.0%)	8.3%
Discount rate	7.0%	7.0%	7.5%

Following the impairment tests, the Group did not recognise any impairment charge during the financial year ended 30 June 2022 (2021: nil).

Sensitivity analysis

Management has estimated that, with all other variables remain constant and on a standalone basis, the maximum movement of the key assumptions used in the value-in-use calculation before recognising an impairment charge were:

	CEL	**Wanbo**	**RKL**
Revenue growth rate decreased by	9.7%	5.4%	3.4%
Discount rate increased by	6.0%	7.5%	9.0%

11. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Trade receivables:				
Third parties	3,979	9,554	-	-
Less: loss allowance	(75)	(59)	-	-
	3,904	9,495	-	-
Other receivables:				
Third parties	3,037	1,622	-	-
Receivable from disposal of subsidiaries[(a)]	15,362	57,047	-	-
Deposits	5,372	6,730	7	7
Prepayments	3,867	10,499	87	38
Subsidiaries[(b)]	-	-	320,394	269,513
Less: loss allowance on amount due from subsidiaries	-	-	(53,451)	(53,451)
	-	-	266,943	216,062
Joint ventures[(b)]	20,676	21,138	377	363
Value added tax recoverable	59	59	-	-
Others	313	289	43	61
	48,686	97,384	267,457	216,531
	52,590	106,879	267,457	216,531
Non-current other receivables:				
Subsidiaries[(b)]	-	-	43,653	34,987
Others	4,739	4,068	1,000	1,000
	4,739	4,068	44,653	35,987
Total	57,329	110,947	312,110	252,518

Trade receivables are non-interest bearing and are generally on 30 days credit term.

The maximum exposure to credit risk in the event that the customers fail to perform their obligations as at end of financial year in relation to each class of recognised financial assets is the carrying amounts of those assets stated in the statements of financial position. There are no collaterals held as securities or other credit enhancements.

The concentration of credit risk for trade receivables is limited due to the large, diverse and unrelated customer base. As at 30 June 2022, the Group has significant non-trade receivables from the disposal of subsidiaries and amount due from joint ventures. Management does not expect these amounts to be repaid within the next 12 months.The Company has significant amounts of non-trade receivables due from subsidiaries.

11. Trade and other receivables (Continued)

The Group applied the simplified approach and provided for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance with days past due by grouping of customers based on observable ageing buckets. The Group's loss allowance as at 30 June 2022 amounted to $75,000 (2021: $59,000).

The Group and the Company provide expected credit losses for non-trade receivables based on the general three-stage model. Credit performance of each debtor is monitored regularly by management. Management considers factors such as the performance, financial capability and/or any delay in agreed payment schedule to determine whether there is a significant increase in credit risk of each debtor since initial recognition. Based on the assessment, the non-trade receivables of the Group are subject to immaterial credit losses.

For the Company's non-trade amounts due from subsidiaries, management has taken into account the available internal information on the subsidiaries' past, current and expected operating performance and cash flow position in assessing if there is a significant increase in credit risk since initial recognition and then adjust the loss allowance based on the assessment.

Movements in the loss allowance for receivables are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of financial year	59	61	53,451	39,579
Allowance made for the financial year	51	16	-	13,967
Reversal of unused amount	(35)	(18)	-	(95)
Balance at end of financial year	75	59	53,451	53,451

Further notes on trade and other receivables:

[a] This mainly related to the amount due from a third party arising from the disposal of Langfang Development Zone Oriental University City Sino-Singapore Education Investment Co., Ltd ("LDZ Sino-Singapore Education Investment") which operated Langfang Oriental Institute of Technology ("LOIT") in 2019.

[b] The amounts due from subsidiaries and joint ventures are non-trade in nature, unsecured, interest-free and are to be settled in cash. The carrying amount of these amounts approximates its fair value due to the insignificant effects of discounting.

12. Cash and bank balances

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Cash and bank balances	37,423	29,527	131	493
Fixed deposit pledged	26,110	55,402	-	-
Restricted bank balances	556	-	-	-
	64,089	84,929	131	493
Non-current				
Restricted bank balances	2,118	2,043	-	-
	66,207	86,972	131	493
Less: pledged fixed deposits and restricted bank balances	(28,784)	(57,445)		
Cash and cash equivalents for purpose of consolidated statement of cash flows	37,423	29,527		

<u>Group</u>

Certain fixed deposits and restricted bank balances are pledged to banks as collateral for credit facilities granted (Note 15).

Cash and bank balances of $60,074,000 (2021: $82,002,000) held in The People's Republic of China are subject to local exchange control regulations.

At each reporting date, fixed deposits have an average maturity of 0.1 month (2021: 0.1 month) from the end of the financial year with the average effective interest rates of 3.2% per annum (2021: between 1.85% and 3.2%).

Fixed deposit pledged and restricted bank balances that are classified as current assets can be released at the Group's option within 12 months after the balance sheet date.

13. Non-current assets held for sale

On 12 June 2020, the Group's wholly owned subsidiaries, Wanbo Institute of Science & Technology Ltd ("WIST") and Hefei Lanjing Science and Trade Co., Ltd. ("HLST") entered into an agreement with Hefei City Land Reserve Centre of the People's Republic of China ("Hefei City Authority") in relation to Hefei City Authority's compulsory acquisition of WIST's and HLST's land and buildings for a total compensation consideration of $88.1 million (equivalent to RMB432.6 million). Based on the respective land's designated use, site area and recent relevant market data in the vicinity, the proportion of the purchase consideration allocated to WIST and HLST was determined to be 63% and 37% respectively.

13. Non-current assets held for sale (Continued)

During financial year ended 30 June 2022, WIST completed the sale of its land and buildings, and accordingly recorded a gain on disposal of $36.9 million (equivalent to RMB176.4 million) (Note 23) and corresponding income tax of $14.4 million (equivalent to RMB68.0 million).

During the previous financial year ended 30 June 2021, HLST completed the sale of its land and buildings, and accordingly recorded a gain on disposal of $28.4 million (equivalent to RMB156.5 million) (Note 23) and corresponding deferred tax of $7.6 million (equivalent to RMB 38.0 million).

The carrying amount of WIST's land and buildings of $25,303,000 (Note 4) were reclassified as non-current assets held for sale on the consolidated statement of financial position as at 30 June 2021.

14. Trade and other payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade payables	4,341	3,389	-	-
Amounts due to subsidiaries	-	-	379,364	273,688
Amounts due to a joint venture	162	6,777	-	-
Other accruals	15,337	17,777	1,455	948
Accruals for property and land use tax	4,304	3,990	-	-
Accruals for business taxes	5,644	2,530	-	-
Accruals for capital expenditure	7,473	9,441	-	-
Amount due to a director	4,543	10,923	1,429	2,595
Consideration payable for acquisition of subsidiary	1,263	1,266	-	-
Payable for purchase of Campus Facilities by BC[(a)]	6,912	6,618	-	-
Advance receipt from disposal of non-current assets held for sale	-	12,084	-	-
Other payables	10,893	12,150	-	757
	60,872	86,945	382,248	277,988
Non-current other payables				
Accruals for capital expenditure	38	168	-	-
Payable for purchase of Campus Facilities by BC[(a)]	7,799	14,754	-	-
Other payables	5,635	1,211	-	-
	13,472	16,133	-	-
Total	74,344	103,078	382,248	277,988

14. Trade and other payables (Continued)

Further notes on trade and other payables:

Current trade payables are non-interest bearing and are normally settled on 30 to 60 days' term.

The amounts due to subsidiaries, a joint venture and a director are unsecured, interest-free and repayable on demand, except for an amount due to a subsidiary of $47.6 million (2021: $47.6 million) as at the end of the financial year which bears interest at a range of 2.27% to 2.79% (2021: 2.22% to 2.28%) per annum.

The carrying amount of non-current other payables approximate its fair value after taking into consideration the effects of discounting.

(a) This mainly relates to the amount payable for the purchase of the Campus Facilities by a subsidiary, Tianjin University of Commerce Boustead College ("BC") in 2019. Pursuant to the terms of the Sale and Purchase Agreement, the total consideration for the purchase was RMB260 million. During the current financial year, the Group paid RMB35 million (2021: RMB45 million) to the vendor. The outstanding balance of RMB75 million will be payable between 30 September 2022 to 30 September 2023.

15. Borrowings

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Bank loans and bank overdrafts				
- Secured	166,177	293,388	709	29,929
- Unsecured	199	5,809	199	5,809
	166,376	299,197	908	35,738
Non-current				
Bank loans				
- Secured	134,387	91,537	20,322	20,547
- Unsecured	439	638	439	638
	134,826	92,175	20,761	21,185
Total borrowings	301,202	391,372	21,669	56,923

Security for borrowings are as follows:

- bank borrowings of $Nil (2021: $5.0 million) of the Company are secured by letter of guarantee by a subsidiary;

- bank borrowings of $218.2 million (2021: $258.8 million) are secured by letter of guarantee by the Company;

15. Borrowings (Continued)

Security for borrowings are as follows: (Continued)

- bank borrowings of $21.0 million (2021: $45.5 million) are secured by pledged bank deposits of $26.1 million (2021: $55.2 million) (Note 12);

- restricted bank balances of $2.7 million (2021: $2.0 million) (Note 12);

- certain property, plant and equipment (Note 4) with carrying amount of $244.2 million (2021: $252.3 million) and investment properties (Note 6) with carrying amount of $170.7 million (2021: $170.6 million);

- bank overdrafts are repayable on demand. Bank overdrafts are secured together with corresponding subsidiaries' bank loan. The effective interest rates of the bank overdrafts range from 5.56% to 9.06% (2021: 5.56% to 9.06%) per annum.

The current bank borrowings have an average maturity of 9 months (2021: 9 months) from the end of the financial year. The non-current bank borrowings have an average maturity of approximately 2.44 years (2021: 3.33 years) from the end of the financial year.

The effective interest rates of the bank borrowings range from 1.28% to 9.06% (2021: 11.19% to 15.00%) per annum. Management estimates that the carrying amount of the Group's and the Company's borrowings approximates its fair value as the current lending rates for similar types of lending arrangement are not materially different from the rates obtained by the Group and the Company.

In the prior financial year ended 30 June 2021, the Company, together with its subsidiaries, Raffles K12 Sdn. Bhd. ("RK12") and Raffles Iskandar Sdn. Bhd. ("RU") (collectively "the Borrowers"), were served writs and statements of claim filed by Affin Bank Berhad ("Affin Bank") in the High Court of Malaysia (collectively, "Writs"). During the financial year ended 30 June 2022, Affin Bank filed notices of discontinuance to discontinue the actions under the Writs the Company and the Borrowers reached an agreement with Affin Bank on the rescheduling of existing term loan facilities.

Furthermore in prior financial year ended 30 June 2021, the facility agreement between the lender United Overseas Bank Limited ("UOB") and a subsidiary of the Company, Raffles Assets (Singapore) Pte. Ltd. ("RA") (2021: amount of outstanding borrowings amounted to $98.4million) contains cross-default provisions that may have been technically triggered in view of the alleged non-repayments under the Relevant Facilities. The UOB loan is repayable in May 2023 in accordance with the original terms of the loan.

16. Lease liabilities

	Leased premises $'000	Office equipment $'000	Motor vehicle $'000	Total $'000
Group				
At 1 Jul 2021	4,052	273	316	4,641
Additions	99	27	-	126
Interest expenses (Note 25)	127	14	13	154
Lease modification	(1,164)	2	-	(1,162)
Lease payments				
- Principal portion	(1,053)	(117)	(102)	(1,272)
- Interest portion	(127)	(14)	(13)	(154)
Foreign currency realignment	11	(1)	(6)	4
At 30 Jun 2022	1,945	184	208	2,337
Group				
At 1 Jul 2020	4,623	338	393	5,354
Additions	2,538	49	-	2,587
Interest expenses (Note 25)	221	21	14	256
Lease modification	(1,926)	-	-	(1,926)
Lease payments				
- Principal portion	(1,284)	(114)	(76)	(1,474)
- Interest portion	(221)	(21)	(14)	(256)
Foreign currency realignment	101	-	(1)	100
At 30 Jun 2021	4,052	273	316	4,641

The maturity analysis of lease liabilities of the Group as at 30 June 2022 are as follows:

	Group	
	2022 $'000	2021 $'000
Contractual undiscounted cash flows		
- Not later than a year	962	2,379
- Between one and five years	1,562	2,707
- More than five years	-	15
	2,524	5,101
Less: Future interest expense	(187)	(460)
Present value of lease liabilities	2,337	4,641
Presented in consolidated statement of financial position		
- Non-current	1,476	2,529
- Current	861	2,112
	2,337	4,641

16. Lease liabilities (Continued)

The Group leases premises, office equipment and motor vehicle with only fixed payments over the lease terms.

During the financial year ended 30 June 2022, one of the Group's subsidiaries terminated its rental lease early, resulting in a lease modification of $856,000 of Right-of-use assets and $1,162,000 of lease liabilities.

During the financial year ended 30 June 2021, one of the Group's subsidiaries terminated its rental lease early, resulting in lease modifications of $1,802,000 of Right-of-use assets and $1,926,000 of lease liabilities.

Certain office equipment of the Group was qualified for low value assets and the Group also leases certain leased premises on the short-term basis (i.e. less than 12 months). The election of short-term leases and low-value lease exemption is made on lease-by-lease basis.

The Group had total cash outflows for leases of $1,609,000 (2021: $1,854,000).

As at 30 June 2022, the average incremental borrowing rate applied and average interest rate implicit in the lease were 4.87% (2021: 6.21%) and 3.16% (2021: 3.04%) per annum respectively.

The Group's lease liabilities of $265,586 (2021: $405,642) was secured over certain office equipment and motor vehicles (Note 5).

There is no externally imposed covenant on these lease arrangements.

17. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the financial year.

Deferred tax assets/(liabilities)

	Group	
	2022	**2021**
	$'000	**$'000**
Deferred tax assets	946	1,381
Deferred tax liabilities	(70,540)	(74,351)

17. Deferred tax assets and liabilities (Continued)

Deferred tax assets

	Other payables $'000	Tax losses $'000	Excess of tax written down value over net book value $'000	Others $'000	Total $'000
Group					
Balance at 1 July 2021	(24)	1,371	33	1	1,381
Charged to profit or loss	6	(348)	-	(10)	(352)
Foreign currency realignment	-	(82)	(1)	-	(83)
Balance at 30 June 2022	(18)	941	32	(9)	946
Balance at 1 July 2020	(26)	1,709	36	1	1,720
Charged to profit or loss	-	(247)	-	-	(247)
Foreign currency realignment	2	(91)	(3)	-	(92)
Balance at 30 June 2021	(24)	1,371	33	1	1,381

Deferred tax liabilities

	Accelerated tax depreciation on property, plant and equipment $'000	Fair value adjustment on investment properties $'000	Divestment of land and properties $'000	Others $'000	Total $'000
Group					
Balance at 1 July 2021	(2,502)	(41,015)	(30,895)	61	(74,351)
Credited/(charged) to profit or loss	108	(5,247)	211	13	(4,915)
Transfer to income tax payable	-	-	8,009	-	8,009
Foreign currency realignment	15	743	(40)	(1)	717
Balance at 30 June 2022	(2,379)	(45,519)	(22,715)	73	(70,540)
Balance at 1 July 2020	(549)	(34,667)	(21,812)	45	(56,983)
Acquisition of subsidiary	(2,156)	-	-	-	(2,156)
Credited/(charged) to profit or loss	300	(4,753)	(7,648)	16	(12,085)
Foreign currency realignment	(97)	(1,595)	(1,435)	-	(3,127)
Balance at 30 June 2021	(2,502)	(41,015)	(30,895)	61	(74,351)

17. Deferred tax assets and liabilities (Continued)

Deferred tax liabilities (Continued)

At each reporting date, no temporary differences have been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries, therefore, no liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. Unremitted earnings totalled $204.0 million (2021: $212.7 million) as at 30 June 2022.

18. Share capital

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning and end of the financial year	1,458,446,772	1,458,446,772	554,337	554,337

The Company has one class of ordinary shares which carry no rights to fixed income.

Paid up ordinary shares, which have no par value, carry one vote per share and has rights to dividends.

19. Treasury shares

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		$'000	$'000
At beginning and end of the financial year	79,790,100	79,790,100	39,683	39,683

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The shares are held as "treasury shares".

20. Accumulated profits/(losses) and other reserves

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Revaluation reserve[1]	8,304	8,304	-	-
Foreign currency translation reserve[2]	8,041	13,865	-	-
Share-based payments reserve[3]	2,642	2,642	2,642	2,642
Accumulated profits/(losses)	141,527	131,915	(165,534)	(156,404)
	160,514	156,726	(162,892)	(153,762)

1 *Revaluation reserve*

Revaluation reserve represents the difference between the carrying amount and fair value of property when an owner-occupied property becomes an investment property which will be carried at fair value. This reserve is non-distributable.

2 *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of foreign operations whose functional currencies are different from that of the Group's presentation currency. This reserve is non-distributable.

3 *Share-based payments reserve*

Share-based payments reserve represent the cumulative value of services received from employees and directors recorded in respect of the grants of equity-settled share options over the vesting period commencing from grant date of equity-settled share options and is reduced by the expiry or exercise of the share options. This reserve is non-distributable.

21. Revenue

Disaggregation of revenue

Operating segment

	Education		Education Facilities Rental Service		Real Estate Investment and Development		Corporate and Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Course fees	89,009	77,484	-	-	-	-	-	-	89,009	77,484
Rental income from investment properties	-	-	10,132	12,233	1,793	1,788	3	-	11,928	14,021
Student accommodation fees	2,030	3,096	-	-	-	-	-	-	2,030	3,096
Canteen operation	581	691	-	-	-	-	-	-	581	691
Other fees	1,791	2,432	-	-	32	5	-	-	1,823	2,437
	93,411	83,703	10,132	12,233	1,825	1,793	3	-	105,371	97,729

Geographical segment

	ASEAN		North Asia		South Asia		Europe		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Course fees	31,487	30,139	54,618	44,353	357	512	2,547	2,480	89,009	77,484
Rental income from investment properties	3	-	10,773	13,028	-	-	1,152	993	11,928	14,021
Student accommodation fees	8	19	2,022	3,077	-	-	-	-	2,030	3,096
Canteen operation	435	534	146	157	-	-	-	-	581	691
Other fees	1,240	1,357	507	1,058	-	1	76	21	1,823	2,437
	33,173	32,049	68,066	61,673	357	513	3,775	3,494	105,371	97,729

21. Revenue (Continued)

Disaggregation of revenue (Continued)

Timing of transfer of good or service (excluding rental income from investment properties)

	2022 $'000	2021 $'000
Over time	91,039	80,580
At a point in time	2,404	3,128
	93,443	83,708

Course fees received in advance

Course fees received in advance refer to course fees billed and received for the next financial year. Course fees received in advance are recognised as the course commences over the next financial year.

	Group	
	2022 $'000	2021 $'000
Course fees received in advance	25,820	13,756

These contract liabilities will be recognised as revenue in the subsequent financial year.

22. Interest income

	Group	
	2022 $'000	2021 $'000
Interest income from:		
- Unwinding effect of discounting receivables	-	691
- Fixed deposits	231	645
	231	1,336

23. Other operating income

	Group	
	2022	**2021**
	$'000	**$'000**
Foreign exchange gain	9,996	1,794
Government grant	790	469
Gain on disposal of non-current assets held for sale (Note 13)	36,866	28,427
Gain on disposal of property, plant and equipment	66	12
Net bargain purchase on acquisition of a subsidiary (Note 7)	-	3,257
Gain on lease modification	306	124
Write back of accrued capital expenditure	34	1,632
Others	649	305
	48,707	36,020

24. Personnel expenses

	Group	
	2022	**2021**
	$'000	**$'000**
Salaries, bonuses and allowances	36,465	35,812
Contributions to defined contribution plans	6,144	4,723
Share-based payment expenses	-	10
Other social expenses	1,187	1,007
	43,796	41,552

Personnel expenses include directors' remuneration as shown in Note 32 of the financial statements.

25. Finance costs

	Group	
	2022	**2021**
	$'000	**$'000**
Interest expenses:		
- Bank borrowings	18,847	16,711
- Unwinding effect of discounting payables	678	948
- Lease liabilities (Note 16)	154	256
	19,679	17,915

26. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the financial statements, the above includes the following charges:

	Group	
	2022	**2021**
	$'000	**$'000**
Audit fees paid to auditors:		
- Auditor of the Company	422	369
- Other auditors	449	486
Non-audit fees paid to auditors:		
- Auditor of the Company	27	38
Bad trade receivables written off	162	479
Foreign exchange loss	16,669	14,180
Loss on disposal of investment properties	1,700	156
Marketing and advertisement expenses	8,318	5,105
Lease expenses on:		
- Short-term leases	151	84
- Low value assets	32	40
Professional fees	5,008	4,474
Loss on disposal of property, plant and equipment	14	31
Property, plant and equipment written off	18	3
Property management fees	2,090	1,560
Revenue, property and land use tax	3,793	3,788
Repair and maintenance	2,777	2,653
Royalty, registration and administration fees	3,768	3,425
Transport and communication	1,004	950
Utilities	3,391	3,367

27. Income tax expense

	Group	
	2022	2021
	$'000	$'000
Income tax		
- Current financial year	8,668	269
- Under provision in respect of prior years	613	151
- Withholding tax expense	68	463
	9,349	883
Deferred tax		
- Current financial year	5,263	12,475
- Under/(over) provision in respect of prior financial years	4	(143)
	5,267	12,332
	14,616	13,215

Domestic income tax in Singapore is calculated at 17% (2021: 17%) of the estimated assessable profit for the financial year. The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit before income tax as a result of the following differences:

	Group	
	2022	2021
	$'000	$'000
Profit before income tax	22,387	29,879
Share of results of joint ventures, net of tax	(3,332)	(2,742)
Share of results of associates, net of tax	(980)	(1,946)
	18,075	25,191
Income tax calculated at Singapore statutory income tax rate	3,073	4,283
Tax effect of income not subject to taxation	(2,202)	(4,861)
Tax effect of non-allowable expenses	8,043	8,513
Deferred tax assets not recognised for current financial year	4,197	2,040
Effect of different tax rates of overseas operations	820	3,034
Under provision of current income tax in respect of prior years	613	151
Under/(over) provision of deferred tax in respect of prior years	4	(143)
Utilisation of previously unrecognised tax losses	-	(265)
Withholding tax expense	68	463
Total income tax expense recognised in profit or loss	14,616	13,215

Subject to the agreement by relevant tax authorities, at each reporting date, the Group has unutilised tax losses, unutilised capital allowance and other temporary difference totalling $44.6 million (2021: $27.6 million) available for offset against future profits. As at 30 June 2022, included within the unutilised tax losses are tax loss amounting to $27.3 million (2021: $13.0 million) that are due for expiry from 30 June 2028 to 30 June 2032 (2021: 30 June 2028).

28. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

Earnings

	Group	
	2022	**2021**
	$'000	**$'000**
Profit attributable to equity holders of the Company	9,612	16,386

Number of shares

	Group			
	2022		**2021**	
	Basic	**Diluted**	**Basic**	**Diluted**
Weighted average number of ordinary shares in issue ('000)	1,378,657	1,378,657	1,378,657	1,378,657

1,970,000 (2021: 2,020,000) share options granted under the existing share option plan have not been included in the calculation of diluted earnings per share because they are anti- dilutive as the weighted average exercise price is above the average market price.

29. Share-based payments

Raffles Education Corporation Employees' Share Options Scheme ("RE ESOS Scheme")

Statutory and other information regarding the RE ESOS Scheme is set out below:

(i) The Remuneration Committee may at its discretion, fix the subscription price at a discount up to 20% off market price, or a price equal to the average of the last dealt market prices for the 5 consecutive market days on which the shares of the Company were traded on the SGX-ST immediately preceding the grant of the options.

(ii) Consideration for the grant of an option is $1.00.

(iii) Options can be exercised 1 year after grant for market price options and 2 years for discounted options.

(iv) Options granted expire after 5 years for participants not holding a salaried office or employment in the Group, and 10 years for employees of the Group.

29. Share-based payments (Continued)

Raffles Education Corporation Employees' Share Options Scheme ("RE ESOS Scheme") (Continued)

(v) Options granted will lapse when participant ceases to be a full-time employee with the Group, subject to certain exceptions at the discretion of the Company.

(vi) The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the RE ESOS Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date of grant.

Information in respect of the share options granted under the RE ESOS Scheme was as follows:

	2022		2021	
	Number of share options ('000)	Weighted average exercise price $	Number of share options ('000)	Weighted average exercise price $
Outstanding at beginning of financial year	2,020	0.148	2,589	0.219
Expired/cancelled	(50)	(0.148)	(569)	(0.382)
Outstanding at end of financial year	1,970		2,020	
Exercisable as at end of financial year	1,970		2,020	

The fair value of share options as at the date of grant was estimated by an external independent valuer using the binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were share prices at date of grant, exercise price, yield, expected volatility, risk-free interest rate and option life expected. The expected volatility reflected the assumption that the historical volatility over a period similar to the life of the share options is indicative of future trends, which may not necessarily be the actual outcome. The inputs to the model used are shown below.

Date of grant	Expected dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options (years)	Exercise price* $	Share price at date of grant* $
14.9.2018	0.0	45	2.50	10	0.148	0.151
14.9.2018	0.0	45	2.50	10	0.148	0.151

* Exercise prices are adjusted for share consolidation in financial year 2011.

30. Contingent liabilities

Group

(a) The Company and some of its subsidiaries are involved in four separate arbitrations/legal proceedings relating to commercial transactions. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty and the amounts involved cannot be reasonably estimated, it is the opinion of the management that the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on the consolidated statement of financial position.

(b) The People's Republic of China's ("PRC") tax system can be characterised by numerous taxes and frequently changing legislation. Tax regulations are often unclear, open to wide interpretation, and in some instances, conflicting. Instances of inconsistent opinion between local, regional and national tax authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose significant penalties and interest charges. These factors create substantially more significant tax risks in PRC than that typically found in countries with more developed tax systems. Management believes that it has complied with all existing tax legislation.

At each reporting date, no provision for potential tax assessments for some of the Group's PRC subsidiaries has been made in the consolidated financial statements as management is of the opinion that according to the tax practices in PRC, such education related income is exempted from tax in PRC.

Company

(c) As at 30 June 2022, the Company has given guarantees amounting to $218.2 million (2021: 258.8 million) to banks in respect of banking facilities granted to the subsidiaries (Note 15) and the guarantees amount represents the maximum exposure. The earliest period that the guarantees could be recalled is within 9 months.

(d) At each reporting date, the Company has undertaken to provide continued financial support to certain subsidiaries which are in net current liability position and/or showing shareholder's deficit.

In the opinion of the Directors, no significant actual losses are expected to arise from these contingent liabilities as at end of the financial year.

31. Commitments

(a) Capital commitments

Capital expenditure contracted for as at each reporting date but not recognised in the financial statements are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Capital commitments in respect of:		
- Property, plant and equipment	2,651	20,362
- Investment properties	41,287	53,784

(b) Operating lease commitments (when the Group is a lessor)

The future minimum lease receivables under non-cancellable operating leases contracted for at each reporting date but not recognised as receivables, are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Future minimum lease payments receivable:		
Within one year	9,509	4,902
Between one and five years	26,949	10,395
After five years	7,886	1,740
	44,344	17,037

The Group leased out investment properties to non-related parties under non-cancellable operating leases. Majority of leases are renewable on annual basis. These leases is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties is disclosed in Note 21.

32. Significant related party transactions

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
With subsidiaries				
Settlement of liabilities on behalf of subsidiaries	-	-	-	(1,567)
Dividend income	-	-	515	894
Interest expense	-	-	(1,161)	(1,068)
Management service fee income	-	-	298	260
Recharge of rental and utilities	-	-	(243)	(287)
Write-off of inter-company balances	-	-	(26)	660
With related parties				
Loan from a director	1,132	9,530	1,132	1,202

As at 30 June, the outstanding balances in respect of the above transactions are disclosed in Notes 11 and 14 to the financial statements.

Key management personnel remuneration

	Group	
	2022	**2021**
	$'000	**$'000**
Directors' fees	421	293
Salaries and other short-term employee benefits	2,545	3,061
	2,966	3,354

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly ("key management"). The above amounts for key management personnel compensation are for the directors of the Company (including directors' fees of non-executive directors).

33. Report by segments

The Group has four reportable segments are as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different skill sets and marketing strategies.

For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

- Education

  The Group offers students a range of degree, diploma and full-time certification programmes in design and business-oriented disciplines at post-secondary level. Students pay fees on a quarterly basis to attend courses at the Group's campuses, where they are taught in English by an overseas faculty.

  The Group also participates in pre-tertiary education. This segment includes RK12, offering an American K12 curriculum, with Advanced Placement offerings in the high school, which will provide a schooling alternative to the local and expatriate communities in the region and Gelin Nursery School of Suzhou National New & Hi-tech Industrial Development Zone ("SZGL") which offers only pre-school classes in the PRC.

  The Group also runs programmes within the Chinese national public school system. Colleges under this scheme collect fees once a year in advance directly from students under the Chinese government's national fees guidelines. Students are taught by a local faculty and the language of instruction is Chinese. The qualifications awarded by these colleges are recognised by the Chinese government.

- Education Facilities Rental Service

  This segment refers to OUCHK which is listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. OUCHK engages in education facilities leasing and commercial leasing for supporting facilities. OUCHK currently owns and leases out certain investment properties to colleges in Oriental University City, located at Langfang Economic and Technical Development Zone in Langfang City, Hebei Province, the PRC.

- Real Estate Investment & Development

  The Group participates in opportunistic Real Estate Investments and Development. The ownership of these properties generates a stream of stable and recurring rental income. When the opportunity arises, the Group may divest these properties.

- Corporate & Others

  Includes corporate headquarter and consolidation adjustments which are not directly attributable to a particular reportable segment above.

33. Report by segments (Continued)

The accounting policies of the reportable segments are the same as described in the summary of significant accounting policies in Note 2 to the financial statements.

Information regarding the results of each reportable segment is included below.

Operating results of the reportable segments are independently evaluated for performance measurement and resource allocation decisions. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss as included in the internal management reports reviewed by the Group's Chief Executive Officer.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated on consolidation.

Segment revenue and expenses are the operating revenue and expenses reported in the Group's profit or loss that are directly attributable to a reportable segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to the reportable segment.

Segment assets and liabilities: Segment assets include all operating assets used by a reportable segment and consist principally of property, plant and equipment, investment properties, inventories and operating receivables, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of trade and other payables, course fees received in advance, education facilities rental service received in advance and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

33. Report by segments (Continued)

	Education $'000	Education Facilities Rental Service $'000	Real Estate Investment & Development $'000	Corporate & Others $'000	Total $'000
2022					
Revenue from external customers	93,411	10,132	1,825	3	105,371
Inter-segment revenue	294	1,293	1,349	6,601	9,537
Interest income	121	12	96	2	231
Gain on disposal of non-current assets held for sale	36,866	-	-	-	36,866
Gain on disposal of property, plant and equipment, net	64	(12)	-	-	52
Net fair value gain on investment properties	-	5,222	2,584	3,815	11,621
Loss on disposal of investment properties	-	(1,037)	(663)	-	(1,700)
Finance costs	(11,623)	(4,144)	(1,084)	(2,828)	(19,679)
Depreciation and amortisation	(11,747)	(888)	(5,181)	(2,134)	(19,950)
Share of results from joint ventures	-	-	-	3,332	3,332
Share of results from associates	(14)	994	-	-	980
Reportable segment profit/(loss) before income tax	41,298	3,420	(13,391)	(8,940)	22,387
Net profit/(loss) for the financial year	32,243	(872)	(13,749)	(9,851)	7,771
Other information:					
Additions to property, plant and equipment	26,813	462	157	-	27,432
Additions to right-of-use assets	126	-	-	-	126
Additions to investment properties	-	889	-	-	889
Additions to intangible assets	1,944	-	-	4	1,948
Investment in joint ventures	-	-	-	218	218
Investment in associates	260	3,450	-	-	3,710
Segment assets	476,585	331,336	207,928	81,723	1,097,572
Segment liabilities	(183,785)	(47,611)	(39,171)	(124,104)	(394,671)

33. Report by segments (Continued)

	Education $'000	Education Facilities Rental Service $'000	Real Estate Investment & Development $'000	Corporate & Others $'000	Total $'000
2021					
Revenue from external customers	83,703	12,233	1,793	-	97,729
Inter-segment revenue	198	1,162	269	7,571	9,200
Interest income	106	13	1,217	-	1,336
Gain on disposal of non-current assets held for sale	28,427	-	-	-	28,427
Loss on disposal of property, plant and equipment, net	(3)	(28)	-	-	(31)
Net fair value gain on investment properties	-	11,204	2,566	69	13,839
Loss on disposal of investment properties	-	(156)	-	-	(156)
Reversal of impairment of investment in associates	-	1,428	-	-	1,428
Finance costs	(11,633)	(2,794)	(418)	(3,070)	(17,915)
Depreciation and amortisation	(11,353)	(807)	(3,908)	(2,141)	(18,209)
Share of results from joint ventures	-	-	-	2,742	2,742
Share of results from associates	(25)	2,163	(192)	-	1,946
Reportable segment profit/(loss) before income tax	32,640	17,490	(5,538)	(14,713)	29,879
Net (loss)/profit for the financial year	24,682	12,725	(6,007)	(14,736)	16,664
<u>Other information</u>:					
Additions to property, plant and equipment	20,567	201	151,004	1	171,773
Additions to right-of-use assets	2,587	-	-	-	2,587
Additions to investment properties	-	1,066	-	-	1,066
Additions to intangible assets	10	-	-	2	12
Investment in joint ventures	-	-	-	3,712	3,712
Investment in associates	291	5,788	-	-	6,079
Segment assets	556,725	328,078	315,348	84,036	1,284,187
Segment liabilities	(243,393)	(55,850)	(32,794)	(167,405)	(499,442)

33. Report by segments (Continued)

Reconciliations of reportable segment assets and liabilities to the total assets and total liabilities in the consolidated statement of financial position.

	2022 $'000	2021 $'000
Assets		
Total assets for reportable segments	1,097,572	1,284,187
Investments in joint ventures	218	3,712
Investments in associates	3,710	6,079
Unallocated assets	179,361	88,352
Consolidated total assets	1,280,861	1,382,330
Liabilities		
Total liabilities for reportable segments	(394,671)	(499,442)
Unallocated liabilities	(100,967)	(99,371)
Consolidated total liabilities	(495,638)	(598,813)

Geographical segments

The Group operates in five main geographical regions, namely ASEAN, North Asia, South Asia, Australasia and Europe.

Segment revenue is based on the region where the services are rendered and the region where the customers are located. Non-current assets are shown by geographical region in which the assets are located.

Non-current assets consist of property, plant and equipment, right-of-use assets, investment properties, investment in joint ventures, investment in associates and intangible assets.

	ASEAN $'000	North Asia $'000	South Asia $'000	Australasia $'000	Europe $'000	Total $'000
30 June 2022						
Revenue from external customers	33,173	68,066	357	-	3,775	105,371
Non-current assets	309,010	765,083	7,422	991	73,810	1,156,316
30 June 2021						
Revenue from external customers	32,049	61,673	513	-	3,494	97,729
Non-current assets	325,229	747,508	9,757	930	74,222	1,157,646

Singapore and the People's Republic of China contributed revenue of $12,722,000 and $67,448,000 (2021: $10,525,000 and $61,106,000) respectively. Non-current assets in Singapore and the People's Republic of China amounted to $70,767,000 and $764,806,000 (2021: $76,589,000 and $747,191,000) respectively.

34. Financial instruments and financial risk management

The following table sets out the financial instruments at each reporting date:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	119,610	187,361	312,154	252,973
Financial liabilities				
Financial liabilities at amortised cost	367,935	480,487	403,917	334,911

The Group and the Company are exposed to financial risks arising in the normal course of business. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuation.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and cost is achieved.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group have potential financial loss resulting from students defaulting on their obligations to pay course fees when due, resulting in a loss to the Group. The Group also has credit exposure arising from receivables from rental and disposal of subsidiaries.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is managed through regular collection and monitoring procedures.

At each reporting date, the Group's maximum exposure to credit risk were represented by the carrying amount of the financial assets on the statements of financial position except for the financial guarantees provided by the Company for borrowings of the subsidiaries amounting to $218.2 million (2021: $258.8 million) as disclosed in Note 15 to the financial statements.

Cash and bank balances are mainly deposits with banks and financial institutions which are regulated and with high credit-ratings assigned with investment grade rating of generally at least A-1+ by international credit rating agencies. Management determined that cash and bank balances are subject to immaterial credit loss.

Further disclosure regarding trade and other receivables are disclosed in Note 11 to the financial statements.

34. Financial instruments and financial risk management (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposures to interest rate risk arise primarily from their borrowings with financial institutions and amount due to a subsidiary.

The Group is exposed to cash flow interest rate risk from borrowings at floating rates. The table below shows the sensitivity analysis of interest rate risk showing the effect on profit or loss if interest rates had increased by 100 basis point (2021: 100 basis point), with all other variables held constant.

Interest rates increased by 100 basis point	2022 Decrease in profit $'000	2021 Decrease in profit $'000
Group		
Borrowings	(2,397)	(3,076)
Company		
Borrowings	(210)	(455)
Amount due to a subsidiary	(476)	(476)

A 100 basis point decrease in interest rates would have an equal but opposite effect.

(c) Foreign currency risk

The Group operates in several countries with dominant operations in Singapore, People's Republic of China, Southeast Asia, Australia and Europe. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level, as the Group manages its transactional exposure by matching, as far as possible, receipts and payments in each individual currency. As the entities in the Group transact substantially in their respective functional currencies, the Group's exposure to currency risk is not significant.

In relation to the Group's overseas investments in foreign operations where net assets are exposed to currency translation risk, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserves.

34. Financial instruments and financial risk management (Continued)

(c) Foreign currency risk (Continued)

The Group's exposures to foreign currencies such as Chinese Renminbi ("RMB"), Malaysian Ringgit ("MYR"), Swiss Franc ("CHF") and Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB"), United States Dollar ("USD") and Indian Rupee ("INR") at each reporting date were as follows:

	Note	SGD $'000	RMB $'000	MYR $'000	CHF $'000	EUR $'000	HKD $'000	THB $'000	USD $'000	INR $'000	Others $'000
Group											
2022											
Trade and other receivables (excluding prepayments and value added tax recoverable)		2,592	27,838	(324)	983	450	-	704	121	20,544	495
Intra-group balances, net		17,315	34,536	(720)	(2,402)	(10,489)	(1,380)	9,381	(40,913)	(2,175)	(3,153)
Cash and bank balances	12	1,355	60,015	690	15	19	11	1,211	239	157	377
Restricted bank balances	12	-	-	-	2,038	-	-	80	-	-	-
Trade and other payables (excluding accruals for business, property and land taxes, advance receipt from disposal of non-current assets held for sale)		(5,678)	(50,233)	(2,807)	(216)	(2,226)	(277)	(1,818)	127	(861)	(407)
Borrowings	15	(99,282)	(48,785)	(99,302)	(15,237)	(5,698)	(21,030)	(5,957)	-	-	(5,911)
Lease liabilities	16	(107)	(1,517)	(285)	-	-	-	-	(428)	-	-
		(83,805)	21,854	(102,748)	(14,819)	(17,944)	(22,676)	3,601	(40,854)	17,665	(8,599)
Less: net liabilities/(assets) denominated in respective entities' functional currencies		53,956	(111,355)	90,586	21,768	24,202	3,025	5,778	(41)	(22,915)	4,562
Currency exposure		(29,849)	(89,501)	(12,162)	6,949	6,258	(19,651)	9,379	(40,895)	(5,250)	(4,037)

34. Financial instruments and financial risk management (Continued)

(c) Foreign currency risk (Continued)

	Note	SGD $'000	RMB $'000	MYR $'000	CHF $'000	EUR $'000	HKD $'000	THB $'000	USD $'000	INR $'000	Others $'000
<u>Group</u>											
2021											
Trade and other receivables (excluding prepayments and value added tax recoverable)		1,260	74,349	1,090	531	478	-	875	94	21,226	486
Intra-group balances, net		18,711	33,453	(3,250)	(3,698)	(9,743)	(1,398)	10,055	(39,454)	(2,108)	(2,568)
Cash and bank balances	12	1,322	81,719	1,147	23	27	103	133	70	15	370
Restricted bank balances	12	-	-	-	2,043	-	-	-	-	-	-
Trade and other payables (excluding accruals for business, property and land taxes, advance receipt from disposal of non-current assets held for sale)		(7,033)	(51,146)	(12,731)	(208)	(1,777)	(605)	(2,969)	(6,798)	(842)	(365)
Borrowings	15	(134,821)	(58,589)	(136,466)	(15,906)	(7,555)	(20,547)	(9,285)	-	(1)	(8,202)
Lease liabilities	16	(161)	(2,112)	(663)	-	-	-	-	(536)	(1,169)	-
		(120,722)	77,674	(150,873)	(17,215)	(18,570)	(22,447)	(1,191)	(46,624)	17,121	(10,279)
Less: net liabilities/(assets) denominated in respective entities' functional currencies		144,172	(143,065)	137,407	22,881	25,668	3,013	11,244	59	(22,449)	(3,937)
Currency exposure		23,450	(65,391)	(13,466)	5,666	7,098	(19,434)	10,053	(46,565)	(5,328)	(14,216)

34. Financial instruments and financial risk management (Continued)

(c) Foreign currency risk (Continued)

The following analyses detail the sensitivity to a five percentage increase or decrease in the respective foreign currencies against the respective functional currencies of the entities in the Group. A five percentage point weakening in the foreign currencies against respective functional currencies would have an equal but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account associated tax effects and share of non-controlling interests.

If the relevant foreign currency strengthens by 5% against the respective functional currencies of each entity of the Group, the effect to profit or loss will increase/(decrease) by:

	2022 $'000	2021 $'000
Group		
Singapore Dollar	(1,492)	1,173
Chinese Renminbi	(4,475)	(3,270)
Malaysian Ringgit	(608)	(673)
Swiss Franc	347	283
Euro	313	355
Hong Kong Dollar	(983)	(972)
Thai Baht	469	503
United States Dollar	(2,045)	(2,328)
Indian Rupee	(263)	(266)

A five-percentage point weakening in the foreign currencies against respective functional currencies would have an equal but opposite effect.

34. Financial instruments and financial risk management (Continued)

(c) Foreign currency risk (Continued)

The Company's exposures to foreign currencies such as Chinese Renminbi ("RMB"), United States Dollar ("USD"), Australian Dollar ("AUD"), Hong Kong Dollar ("HKD"), Swiss Franc ("CHF") and Thai Baht ("THB") at each reporting date were as follows:

	Note	SGD $'000	RMB $'000	USD $'000	AUD $'000	HKD $'000	CHF $'000	THB $'000	Others $'000
Company									
2022									
Trade and other receivables (excluding prepayments)		268,895	24,616	(111)	(203)	33	2,646	9,397	6,750
Cash and bank balances	12	125	1	3	-	2	-	-	-
Trade and other payables	14	(97,846)	(229,799)	(40,506)	(8,756)	-	(5,084)	-	(257)
Borrowings	15	(639)	-	-	-	(21,030)	-	-	
		170,535	(205,182)	(40,614)	(8,959)	(20,995)	(2,438)	9,397	6,493
Less: net assets denominated in functional currency		(170,535)	-	-	-	-	-	-	-
Currency exposure		-	(205,182)	(40,614)	(8,959)	(20,995)	(2,438)	9,397	6,493
2021									
Trade and other receivables (excluding prepayments)		215,613	20,614	7	96	-	2,518	10,071	3,561
Cash and bank balances	12	488	-	4	-	-	-	-	1
Trade and other payables	14	(94,643)	(119,826)	(39,575)	(17,640)	-	(6,249)	-	(55)
Borrowings	15	(36,376)	-	-	-	(20,547)	-	-	-
		85,082	(99,212)	(39,564)	(17,544)	(20,547)	(3,731)	10,071	3,507
Less: net assets denominated in functional currency		(85,082)	-	-	-	-	-	-	-
Currency exposure		-	(99,212)	(39,564)	(17,544)	(20,547)	(3,731)	10,071	3,507

34. Financial instruments and financial risk management (Continued)

(c) Foreign currency risk (Continued)

The following analyses detail the sensitivity to a five percentage increase or decrease in the respective foreign currencies against the Singapore Dollar. The analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account associated tax effects and share of non-controlling interests.

If the relevant foreign currency strengthens by 5% against the Singapore Dollar, the effect to profit or loss will increase/(decrease) by:

	2022 $'000	2021 $'000
Company		
Chinese Renminbi	(10,259)	(4,961)
United States Dollar	(2,031)	(1,978)
Australian Dollar	(448)	(877)
Hong Kong Dollar	(1,050)	(1,027)
Swiss Franc	(122)	(187)
Thai Baht	470	504

A five percentage point weakening in the foreign currencies against respective functional currencies would have an equal but opposite effect.

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group and the Company monitor its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. Funding is obtained from borrowing facilities from banks and financial institutions. The Group and the Company assessed that the Group and the Company will be able to pay its debts as and when they fall due. The details of the assessment are disclosed in Note 2.1 to the financial statements.

34. Financial instruments and financial risk management (Continued)

(d) Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows.

	Contractual undiscounted cash flows (including interest payments)			
	Within one financial year $'000	**More than one financial year $'000**	**Total $'000**	**Carrying amount $'000**
Group				
2022				
Trade and other payables (excluding accruals for business, property and land taxes, advance receipt from disposal of non-current assets held for sale)	51,279	13,977	65,256	64,396
Borrowings	181,110	149,688	330,798	301,202
Lease liabilities	962	1,562	2,524	2,337
	233,351	165,227	398,578	367,935
2021				
Trade and other payables (excluding accruals for business, property and land taxes, advance receipt from disposal of non-current assets held for sale)	69,009	16,995	86,004	84,474
Borrowings	319,151	111,203	430,354	391,372
Lease liabilities	2,379	2,722	5,101	4,641
	390,539	130,920	521,459	480,487
Company				
2022				
Trade and other payables	383,365	-	383,365	382,248
Borrowings	1,194	20,923	22,117	21,669
Financial guarantee contracts	154,204	78,748	232,952	218,205
	538,763	99,671	638,434	622,122
2021				
Trade and other payables	279,066	-	279,066	277,988
Borrowings	36,219	21,681	57,900	56,923
Financial guarantee contracts	251,401	23,501	274,902	258,802
	566,686	45,182	611,868	593,713

(e) Fair values

The carrying amounts of the Group's and Company's current financial assets and current financial liabilities approximate their fair values as at each reporting date due to the relatively short period of maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

35. Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company maintain an optimum capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets by various means such as adjusting the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts and issue more borrowings whenever necessary.

As part of the Group's and Company's capital management, the Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Primarily, such actions are intended to stabilise the market price of the Company's shares and the purchased shares can be used for issuing shares under a performance share plan if the Company establishes a plan in the future. Buy and sell decisions by management are made on a specific transaction basis. The Group and the Company do not have a defined share buy-back plan.

In addition, the Company may adopt the scrip dividend scheme, issue rights issue shares, issue new ordinary shares via share placements to conserve cash resources and to pay down bank borrowings. The scrip dividend scheme also allows shareholders to reinvest in the growth of the Company.

The Group and the Company manage overall capital structure by leveraging the advantages and security afforded by a sound capital position while preserving a sustainable level of returns which also seek to meet certain capital requirements imposed by the banks. These requirements include maintaining minimum level of net tangible assets.

The Group also monitors capital based on a gearing ratio which is net debt divided by total capital. Net debt includes borrowings less cash and bank balances (including restricted bank balances). Total capital refers to equity attributable to the equity holders of the Company.

	Group	
	2022	**2021**
	$'000	**$'000**
Net debt	234,995	304,400
Total capital	675,168	671,380
Net gearing ratio	35%	45%

The Group and the Company are in compliance with all externally imposed capital requirements relating to financial covenants on its borrowings for both the financial years ended 30 June 2022 and 30 June 2021 except as disclosed in Note 15 to the financial statements.

Apart from the above, the Group's current overall strategy remains unchanged for financial years ended 30 June 2022 and 30 June 2021.

36. Properties of the Group

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(a) Northeastern side along the crossing of Yangguang Road and Gongyuan Road, Xinqiao Industrial Park, Anhui Province, the PRC	Education college	Education facilities and hostels (under construction)	Leasehold	44	283	-
(b) No. 28, Jinjing Road, Xiqing District, Tianjin City, the PRC	Education college	Education facilities and hostels	Leasehold	30 - 32	141	132
(c) Room 101, 201-205, 301-308 Block 5, No. 203 Tower Road, Suzhou National New and Hi-Tech Industrial Development Zone, Jiangsu Province, the PRC	Kindergarten	Kindergarten facilities	Leasehold	44	1	2
(d) Oriental University City, Langfang Economic and Development Zone, Hebei Province, the PRC#	Education campus city	Facilities for educational, recreational, hostels, commercial, retail and utility activities	Leasehold	27 – 32	885	441
(e) Raffles Education Square 51 Merchant Road Singapore	Commercial development of multi storey office block and conservation shophouses	Education facilities	Leasehold	70	3	7

36. Properties of the Group (Continued)

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(f) Mukim of Pulai, District of Johor Bahru, State of Johor, Malaysia# Land held under: H.S.(D) 520221, PTD 189210	University campus development	Construction and development phase	Freehold	-	263	-
(g) Mukim of Pulai, Lot 143116 District of Johor Bahru, State of Johor, Malaysia#	Education college	American K12 school facilities	Freehold	-	186	72
(h) Lot 102-104, 106 Section 88A Kuala Lumpur, Malaysia	Education college	Education facilities	Leasehold	46 - 47	5	4
(i) Soi Bangna – Trat 37 Bangkaew Sub-district Bang Phli District Samut Prakarn Province, Thailand#	Education college	Education facilities	Freehold	-	45	40
(j) Kadirana North Village Dunagaha Pattu of Aluthkorale @ Katana in Gampaha District Western Province of Sri Lanka#	University campus/ commercial development	Vacant	Freehold	-	101	-
(k) 94 Mandurah Terrace, Mandurah, Western Australia#	Commercial/ residential/ education development	Vacant	Freehold	-	2	-

36. Properties of the Group (Continued)

Location	Description	Existing use	Tenure	Unexpired lease term (years)	Site area ('000 sqm)	Gross floor area ('000 sqm)
(l) Chemin des Cibles 17 1997 Haute-Nendaz Switzerland#	Hotel and commercial units	Hotel and commercial units	Freehold	-	6	7
(m) Route de Siviez 37, 1995 Siviez Switzerland#	Commercial building	Commercial use	Freehold	-	2	2
(n) Via Felice Casati, 16, Milan, Italy	Commercial building	Education facilities and office use	Freehold	-	1	3
(o) Two floors of office units at Sub-District of Gondangdia, District of Menteng, Municipality of Central Jakarta, Special Capital City of Jakarta, Indonesia	Education college	Education facilities	Leasehold	12	-	2

Valuation performed in financial years 2022 and 2021 by independent professional valuation specialist, as referred to in Note 6 to the financial statements..

37. Events subsequent to the reporting date

On 7 June 2022, the Company announced an offer of convertible bonds which shall comprise a renounceable underwritten rights issue of up to $26.2 million in aggregate principal amount of convertible bonds ("rights issue bonds") and a placement of $17.9 million in aggregate principal amount of convertible bonds ("placement bonds"). Subsequent to the year end, on 16 September 2022 and 26 September 2022, the Company has received $22.3 million and $17.9 million in relation to the issuance of rights issue bonds and placement bonds respectively.

38. Authorisation of financial statements

The consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company for the financial year ended 30 June 2022 were authorised for issue by the Board of Directors of the Company on 30 September 2022.

STATISTICS OF SHAREHOLDINGS

AS AT 23 SEPTEMBER 2022

ISSUED AND FULLY PAID-UP CAPITAL	:	1,458,446,772
NUMBER OF SHARES ISSUED AND PAID-UP SHARES (EXCLUDINGS TREASURY SHARES)	:	1,378,656,672
NUMBER / PERCENTAGE OF TREASURY SHARES HELD	:	79,790,100 / 5.79%
CLASS OF SHARES	:	ORDINARY SHARE
VOTING RIGHTS	:	ONE VOTE PER SHARE

Based on information available to the Company as at 23 September 2022, approximately 65.43% of the issued ordinary shares (excluding treasury shares) of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by SGT-ST is complied with.

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares Held (excluding treasury shares)	Percentage of Shares
1 - 99	710	8.58	27,216	0.00
100 - 1,000	978	11.82	566,744	0.04
1,001 - 10,000	3,655	44.16	17,809,010	1.29
10,001 - 1,000,000	2,865	34.62	183,480,221	13.31
1,000,001 & ABOVE	68	0.82	1,176,773,481	85.36
	8,276	100.00	1,378,656,672	100.00

TOP TWENTY SHAREHOLDERS AS AT 23 SEPTEMBER 2022

No.	Name	No. of Shares	Percentage
1	UOB KAY HIAN PTE LTD	222,455,717	16.13
2	DBS NOMINEES PTE LTD	133,303,385	9.67
3	RAFFLES NOMINEES (PTE) LIMITED	112,564,773	8.16
4	SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	101,650,000	7.37
5	PHILLIP SECURITIES PTE LTD	95,574,905	6.93
6	CITIBANK NOMINEES SINGAPORE PTE LTD	76,192,645	5.53
7	SBS NOMINEES PTE LTD	73,427,998	5.33
8	LIU YINGCHUN	39,371,700	2.86
9	DB NOMINEES (SINGAPORE) PTE LTD	26,767,066	1.94
10	OCBC SECURITIES PRIVATE LTD	24,263,190	1.76
11	WATERWORTH PTE LTD	23,400,000	1.70
12	CHEW CHIEW SIANG STEVEN	22,065,730	1.60
13	TOMMIE GOH THIAM POH	18,742,916	1.36
14	GOI SENG HUI	18,042,400	1.31
15	LIM AND TAN SECURITIES PTE LTD	16,958,819	1.23
16	TEO CHIANG SONG	13,000,000	0.94
17	UNITED OVERSEAS BANK NOMINEES PTE LTD	12,387,950	0.90
18	DORIS CHUNG GIM LIAN	10,965,945	0.80
19	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	10,345,717	0.75
20	GOH BEE LAN	9,100,000	0.66
		1,060,580,856	76.93

STATISTICS OF SHAREHOLDINGS
AS AT 23 SEPTEMBER 2022

Substantial Shareholders

As shown in the Register of Substantial Shareholders

	No of Shares	
Name of Shareholders	**Direct Interest**	**Deemed Interest**
Chew Hua Seng	442,519,605	34,043,159
Doris Chung Gim Lian	170,992,922	305,569,842

Notes: -

1) Ms Chung Gim Lian, Doris is the spouse of Mr Chew Hua Seng. In this regards, Ms Chung GIm Lian is deemed to have an interest in the shareholdings of Mr Chew Hua Seng and vice versa.

⁽2) Includes 136,949,763 shares which are held jointly by Mr Chew Hua Seng and Ms Chung Gim Lian, Doris.

CORPORATE INFORMATION

BOARD OF DIRECTOR
Mr. Chew Hua Seng
(Chairman and CEO)

Mr. Lim How Teck
(Independent Non-Executive Director)

Mr. Ng Kwan Meng
(Independent Non-Executive Director)

Mdm. Lim Siew Mun
(Lead Independent Non-Executive Director)
(Appointed with effect from 1 July 2021)

Mr. Joseph He Jun
(Non-Independent Non-Executive Director)

Mr. Chua Chwee Koh
(Independent Non-Executive Director)
(Appointed with effect from 4 March 2022)

COMPANY SECRETARY
Mr. Keloth Raj Kumar

REGISTERED OFFICE
Unit #15-22,
111 Somerset,
Singapore 238164
Telephone: (65) 6338 5288
Facsimile: (65) 6338 5167
Website: https://raffles.education

SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITOR
BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Audit Partner-in-Charge: Mr. Ng Kian Hui
(Appointed with effect from financial year 2019)

PRINCIPAL BANKERS
Citibank NA, Singapore Branch
8 Marina View #17-01
Asia Square Tower 1
Singapore 018960

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

RafflesEducation

111 Somerset Road, #15-22,
Singapore 238164
Tel: (65) 6338 5288 Fax: (65) 6338 5167
Website: https://Raffles.Education
Company Reg. No.199400712N